

BUSINESS WEEK

OCT. 2, 1948



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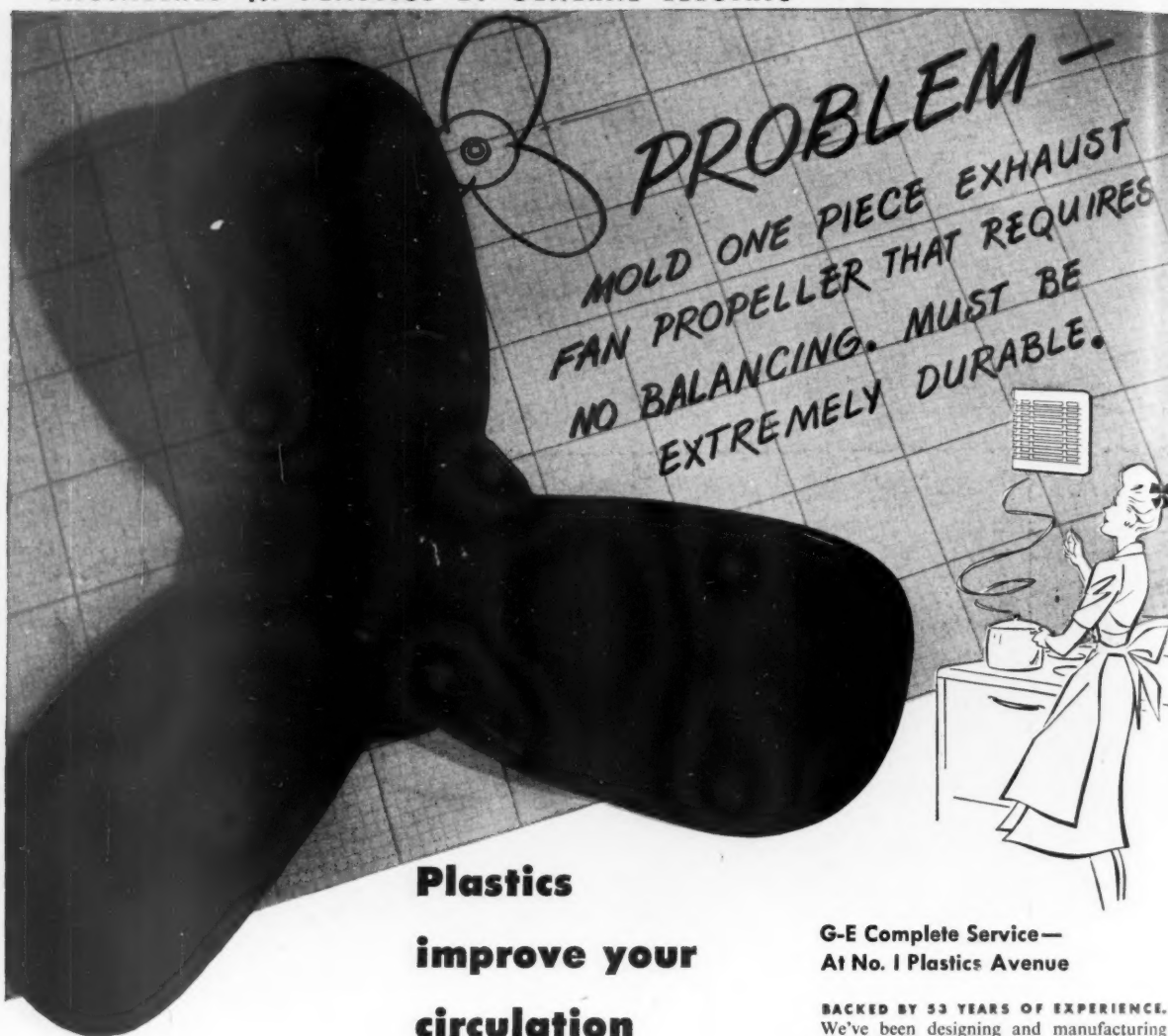
Evans Woollen, Jr. He will lead the commercial bankers in a critical year (page 6)

BUSINESS
WEEK
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● ENGINEERED IN PLASTICS BY GENERAL ELECTRIC



Plastics improve your circulation

Now plastics help to ventilate the kitchen. This rugged propeller is molded in one piece by General Electric for the American Blower Corporation's new Aeropel home ventilator. It is *molded in balance*. And for this Aeropel unit General Electric also molds a sparkling white plastics grille—an attractive housing that adds beauty to any room.

Whatever you make, from fans to ferryboats, it is likely that General Electric's complete plastics service can help you to cut production costs or improve your product . . . or both.

Equipped to design, engineer and mold the *right* plastics parts for your requirements, General Electric invites the tough problems and the hard jobs.

If top quality is important in the plastics parts you buy, it will be worth your while to get acquainted with G-E's *complete* plastics service. Phone or drop a line to our nearest sales office. Or write for information and your free copy of the interesting booklet, "Problems and Solutions in Plastics." Plastics Division, Chemical Department, General Electric Company, 1 Plastics Avenue, Pittsfield, Mass.

G-E Complete Service— At No. 1 Plastics Avenue

BACKED BY 53 YEARS OF EXPERIENCE. We've been designing and manufacturing plastics products ever since 1894. G-E research works continually to develop new materials, new processes, new applications.

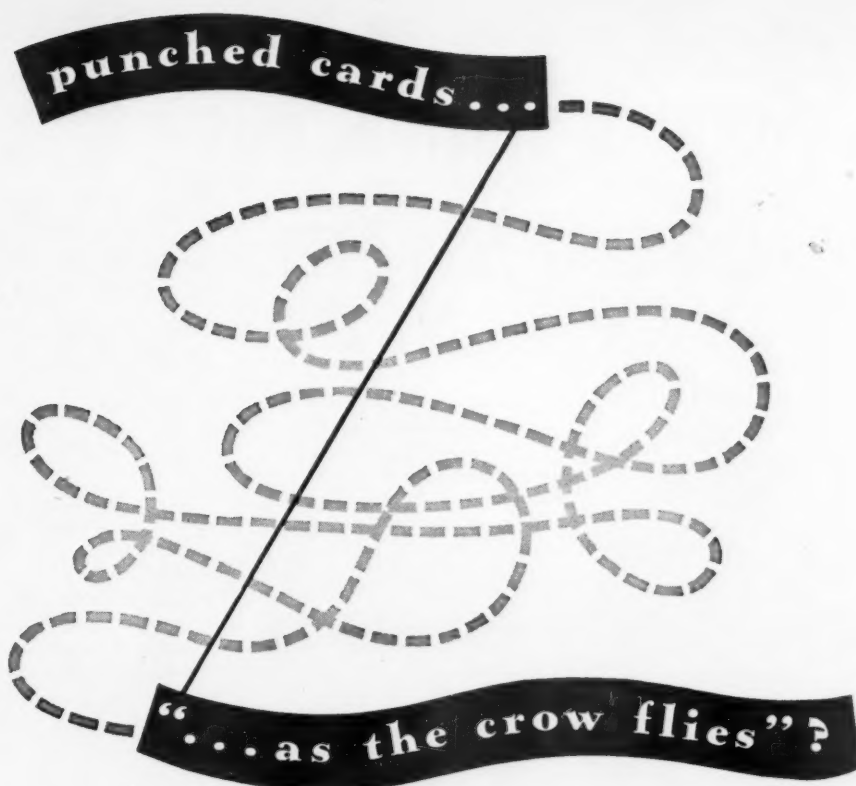
NO. 1 PLASTICS AVENUE—complete plastics service—engineering, design and mold-making. Our own industrial designers and engineers, working together, create plastics parts that are both scientifically sound and good-looking. Our own toolrooms are manned by skilled craftsmen—average precision mold experience, 12 years.

ALL TYPES OF PLASTICS. Facilities for compression, injection, transfer and cold molding . . . for high and low pressure laminating . . . for fabricating. G-E Quality Control—a byword in industry, means as many as 160 inspections and analyses for one plastics part.

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GENERAL ELECTRIC PLASTICS FACTORIES ARE LOCATED IN SCRANTON, PA., MERIDEN, CONN., COSHOCTON, OHIO, DECATUR, ILL., TAUNTON AND PITTSFIELD, MASS.





No doubt crows *can* fly in straight lines . . . but they don't, say the experts. Yet people go right on saying, mistakenly, that crows fly the shortest distance from "here" to "there."

■ Many, too, go on speaking of punched-card accounting only in terms of *leasing* the machines. But that's *not* the shortest distance between you and greater punched-card profits. *Buying* is the shortest route, and you can *buy* as well as lease from Remington Rand.

■ In buying Remington Rand punched-card machines, your savings start at once. *Savings of at least 25% over leasing costs!* Figure it this way: your initial

cash outlay equals approximately five years' rental . . . and from then on, *up* go savings!

■ One bank, for example, will save \$180,000 in 15 years . . . an investment house, \$84,000 in 12 years . . . an insurance company, \$250,000 in 15 years—just from *buying*, the Remington Rand way.*

■ Let us show you how much *you* can save . . . with the *finest* punched-card machines that money can buy. Just write for "Purchase Case Histories"—Tabulating Machines Division, 315 Fourth Ave., New York 10, N. Y.

*Certified statements available on request.
(Reports 4603F, 4615F and 4510F)

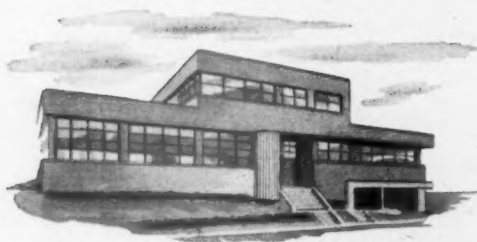


Remington Rand

FOR 40 YEARS—PUNCHED-CARD PACEMAKER

Remington Rand Inc.

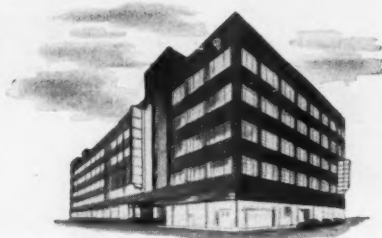
there's a **TRANE** system wherever you look ...from **PUMPING STATION** to **PALATIAL HOTEL**



The cold water going through this pumping station caused condensation on pipes, which resulted in a humid atmosphere. A Trane System now keeps the air dry, so that water purifying chemicals stay dry, and employees feel better.

INDUSTRIAL HEATING AND AIR CONDITIONING

Large window areas and exhaust fumes from hundreds of cars created a heating and ventilating problem in this huge garage. The owners chose a Trane System that heats the building, counteracts window drafts, and removes exhaust fumes.



COMMERCIAL HEATING AND AIR CONDITIONING



This lovely apartment hotel features a magnificent view of the ocean, but chilly sea breezes caused drafts at the windows. Now, inconspicuous Trane Convector-radiators overcome the drafts and give the occupants ideal heating.

DOMESTIC HEATING AND AIR CONDITIONING

There is a Trane System to solve every kind of heating and air conditioning problem efficiently, whether it be comfort or process—domestic, commercial, or industrial.

Trane Systems are designed to fit your application by architect, engineer, or contractor. 200 Trane Sales Engineers offer their counsel. *Users' names on request.*

TRANE

MANUFACTURING ENGINEERS OF
HEATING and AIR CONDITIONING

THE TRANE COMPANY, LA CROSSE, WISCONSIN **systems**
ALSO, TRANE COMPANY OF CANADA, LTD., TORONTO

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THE COVER

Evans Woollen, Jr., who took over this week as President of the American Bankers Assn., considers himself a little man's banker.

• **Lots in Little**—His own bank—he is board chairman of Fletcher Trust Co., Indianapolis—is no small-scale operation. Its total resources come to about \$118 million. But Woollen always has prided himself on doing a big business in small accounts. Fletcher Trust has some 93,000 accounts on its books today. In a city the size of Indianapolis, that means that one out of about every five people does business with Woollen's bank.

The bank's trust department—the largest in the state—also is geared to handle small and middle-sized accounts. Lately, Woollen has been looking into the possibility of establishing a common trust fund. This method of handling many small accounts through a single fund has just been legalized in Indiana.

• **A Banker's "Natural"**—Banking comes naturally to Woollen. His father was head of Fletcher Trust before him. And Woollen entered the bank in 1920 as a youngster fresh out of Yale. His first job was clerking in a newly-opened branch in a workingman's district. In 1935 he became president. And last year he stepped up to chairman.

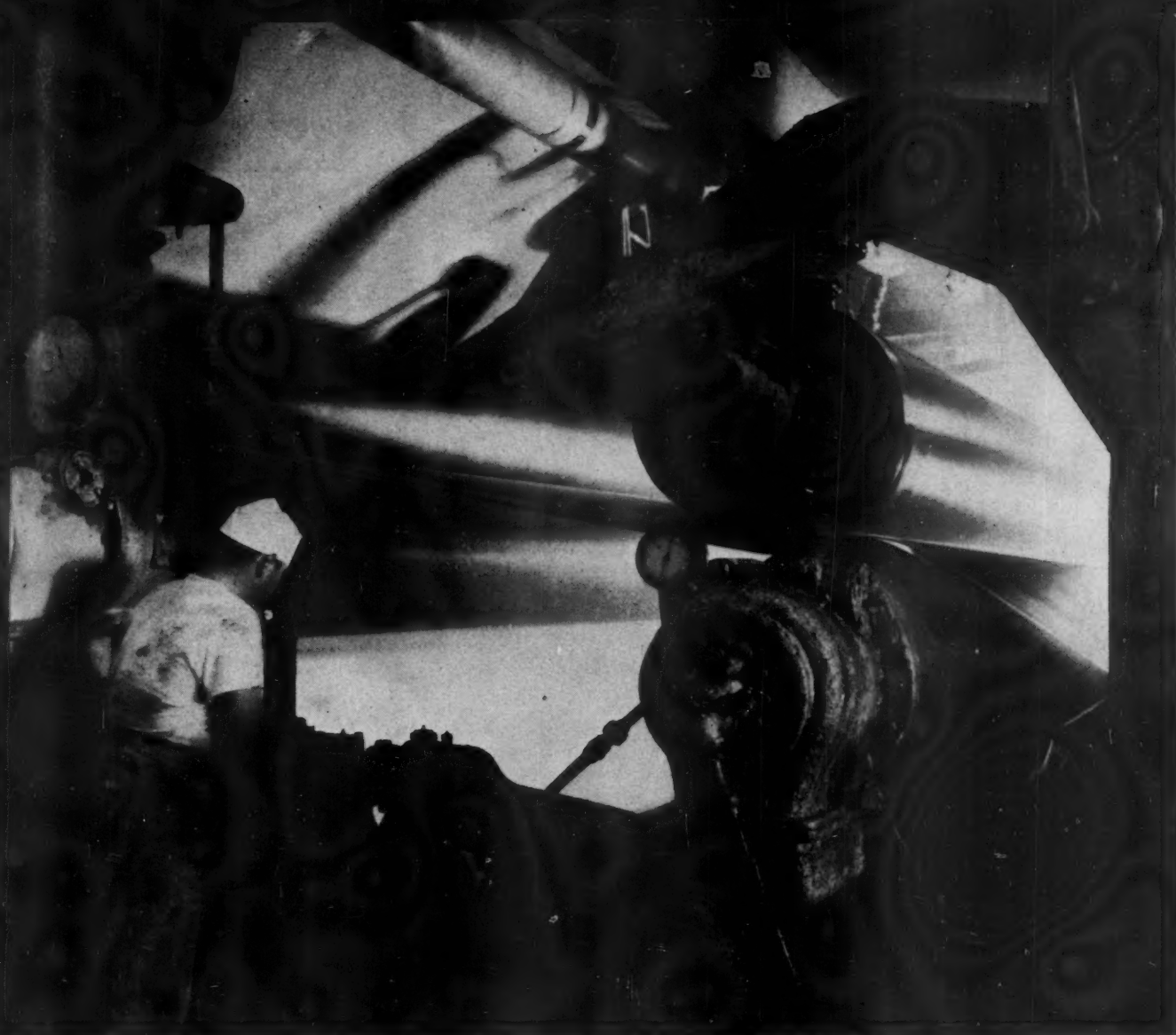
It's no accident that the A. B. A. picked a man who had specialized in small accounts to head it in the coming year. One of the biggest problems that bankers face today is to keep the public in general from blaming them for inflation. So they need a man who understands the small depositor's angle.

• **Easy Does It**—In his political and economic thinking, Woollen is inclined to be conservative. But on such crucial questions as abandoning government support of the bond market (page 24) he believes in moving slowly. He believes that the best way for the bankers to keep their freedom is to understand the government's fiscal problems and help work out ways of solving them.

—Cover painting by Tran Matwick

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1948



NYLON'S TOUGHNESS HELPS PUT THE SQUEEZE ON PAPER

Newly born paper is too weak to travel by itself through roller-presses that squeeze out excess water. It has to be carried on felt blankets. These felts, as they're called by paper-makers, spend their lives going through the wringer. They're constantly subjected to varying stresses, strains and tensions.

Now, fibers of Du Pont nylon, because of their toughness and resistance to frictional wear, are being blended into these felts to give them longer life—and increase production efficiency. Nylon's stretch reduces the strain as the felts whip from one set of rollers to another. Tests made by one leading papermaker show that these nylon-blended felts last 50 per cent longer!

Water drains faster through nylon-blended felts. They're easier to clean—stand up against the action of alkaline cleaning agents. And they have better abrasion-resistance.

See whether you can use Du Pont nylon fibers to improve production methods—or to make a new product.

• • •

NEW BOOKLET, "Nylon Textile Fiber in Industry," tells you more about nylon's remarkable properties. Write on your letterhead for a copy. And tell us your fabric problem. Nylon fibers may give you the extra performance you need. Address Nylon Division, Room 6510, E. I. du Pont de Nemours & Co. (Inc.), Wilmington 98, Delaware.

Du Pont Nylon Fibers Give you all these Properties

HIGH STRENGTH + LIGHT WEIGHT
+ TOUGHNESS + DURABILITY
+ ELASTICITY + FLEXIBILITY
+ LOW MOISTURE ABSORPTION
+ QUICK DRYING + EASY CLEAN-
ING + HEAT-SETTING ADVANTAGES

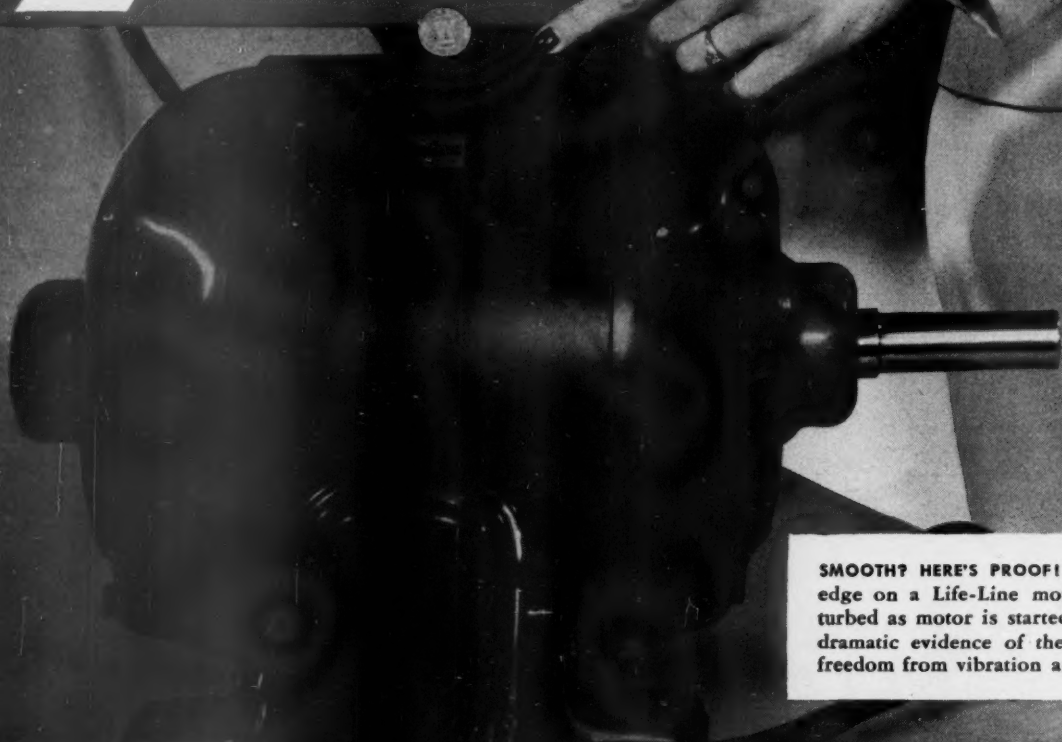
Resist deterioration by mildew,
soil rot, petroleum oils, alkalis



BETTER THINGS FOR BETTER LIVING
... THROUGH CHEMISTRY

For nylon... for rayon... for fibers to come... look to Du Pont

Life-Line



SMOOTH? HERE'S PROOF! Coin balanced on edge on a Life-Line motor remains undisturbed as motor is started, runs and stops—dramatic evidence of the Life-Line motor's freedom from vibration and resulting noise!

NEW METHODS BRING "SPECIAL-MOTOR" SMOOTHNESS TO STANDARD MOTORS

Motors have been made in much the same way for many years—up to the time Westinghouse—with years of leadership in a-c motor developments—departed from "tradition" in electric motor concepts and built the Life-Line.

Motor-making traditions were broken by the basketful. Motor users were surveyed to find what they wanted in standard motors that they were not getting. Life-Line motors were designed and built from scratch—by new methods and new tools in a totally new plant—to include these features.

Quieter operation was one feature motor users asked. Life-Line motors provide it. Ventilating design limits "windage" noise. New manufacturing techniques insure absolute alignment and accuracy of fit, reducing vibration. Modern tests check every motor for accuracy in manufacture.

You'll want full details on other Life-Line features, too. Life-Line motors, now built in sizes from 1-15 hp, are available in standard and near-standard types from stock. Other sizes and types—up to 200 hp—soon will be changed over to modern Life-Line design.

Check your nearest Westinghouse office for deliveries—or write direct to Westinghouse Electric Corporation, P. O. Box 868, Pittsburgh 30, Penna.

J-21457-A



MOTOR "ASTHMA" CHECK. Sounds that shouldn't be there don't get by this "noise detective". Audiometer determines wave length of noise; sound level meter (left) determines decibel rating of the noise; sound analyzer (at right) then indicates the relative amount of the different frequencies resulting.



Westinghouse

PLANTS IN 25 CITIES . . . OFFICES EVERYWHERE

Life-Line motors

BUSINESS OUTLOOK

BUSINESS WEEK

OCTOBER 2, 1948



Business planning for 1949 isn't entirely in the hands of businessmen.

You would think, with the tide running high for the G.O.P., that there would be more business freedom next year. The Republicans have, without doubt, been planning it that way.

But our international commitments very easily could interfere.

Businessmen have had a major hand in shaping the 1948 boom. Their capital expansion outlays (page 20) have been the big factor.

Many analysts are saying now that capital expansion will drop in 1949. They figure that most programs are nearing completion.

This may or may not be true. Business spent more in the second 1948 quarter than an earlier canvass of intentions-to-spend had shown. And it will spend more in the last half than it had intended earlier.

But, even if capital outlays fall off from here on, that's where the government comes in.

Military men in Washington want a lot more money for armaments. Jittery West-Europe is clamoring for a new lend-lease arms program.

Economy-minded Republicans won't be happy if they have to vote big new appropriations for the military and for arms exports.

Yet, the way things are shaping up, they may have very little choice.

The implications to business are obvious. If the government is to compete for the product of heavy industry, plant expansion for civilian production will be slowed. We haven't the manpower and metals for both.

But note this: Federal spending would bolster employment, income. A decline in business outlays for capital expansion would not be felt—at least in the dollar size of the economy as measured by national income.

Heavy federal spending, without a cut in personal income after taxes, would spell excess consumer demand. Remember the "inflationary gap"?

Manufacturers still haven't been able to catch up with demand for many types of civilian goods. When could you expect to get that new auto if Detroit had to start turning out tanks, too?

Talk of new arms programs can only add to business confusion.

What congressmen may do, and when they may do it, is totally unpredictable.

Perhaps new money for arms will be voted. But there will be delays. So any spending isn't likely to start until late 1949.

By that time, where will business be? If we are headed for a downturn, production and prices might be off several percentage points by then.

Lend-lease is bound to command serious attention in the next year.

Marshall-Plan aid is designed to bring social and political stability to western Europe. That means restoring a decent standard of living. And European industry hasn't yet made much more than a good start on that.

Western Europe can't hope to produce arms and butter, too. Where, then, will the arms come from, if not from the U. S.?

Industries that are now feeling the pinch of their own private recessions (page 19) could make some of the goods needed for rearmament. They, pre-

BUSINESS OUTLOOK (Continued)

BUSINESS WEEK
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sumably, have some available manpower idled by the slack in their plants. But they would need steel and copper now being used for civilian goods.

Manufacturing employment certainly shows no over-all slack that would allow military production on top of civilian output.

Unemployment again is below 2-million (BW-Sep. 18'48, p23).

More surprising, manufacturing employment in August topped last winter's peacetime peak. And the big gain from July to August was not in durable goods factories; it was in the presumably slackening soft goods lines.

No two people in the shoe industry seem able to agree on what is going to happen next.

International Shoe Co. this week reduced its work week on men's footwear to four days. Shortly before, American Hide & Leather said it was cutting operations to 80% of capacity to avoid any further accumulation of inventories.

Yet shoe production jumped sharply in August and September from the July slump, according to estimates compiled by the Tanners' Council.

August and September also were substantially ahead of a year ago.

Wool prices seemed to have steadied a bit this week after their drop from about \$2 a lb. to around \$1.60.

But the trade isn't too confident about the immediate future for wools and worsteds. Users of fabrics still are buying hand-to-mouth; most contend that they are waiting for prices to reflect the drop in raw wool.

People in the wool trade, incidentally, feel that they snapped the high prices for imported raws. They simply stayed out of the market.

Prospects for somewhat lower meat prices the rest of this year now seem pretty fairly good.

The autumn increase in slaughter runs has barely started. Yet the price of steers is down \$3 a cwt. from the recent high; hogs are off \$2.

Livestock raisers are taking no chance of overstaying their market. They are selling while prices are still high. But, as cheap corn becomes plentiful, there will be more holding back, feeding to higher weights.

Two battles between synthetics and natural raw materials in the tire industry seem to be going in opposite directions:

(1) Total use of synthetic rubber in August was virtually unchanged from a year ago at 39,000 tons; consumption of natural rubber, however, rose to 53,000 tons this year from 47,300 last.

(2) In tire cord, it's another story. Use of cotton in the second quarter this year was down 16% from the same 1947 period; use of synthetic cord—rayon and nylon—marked up a smacking 13% rise.

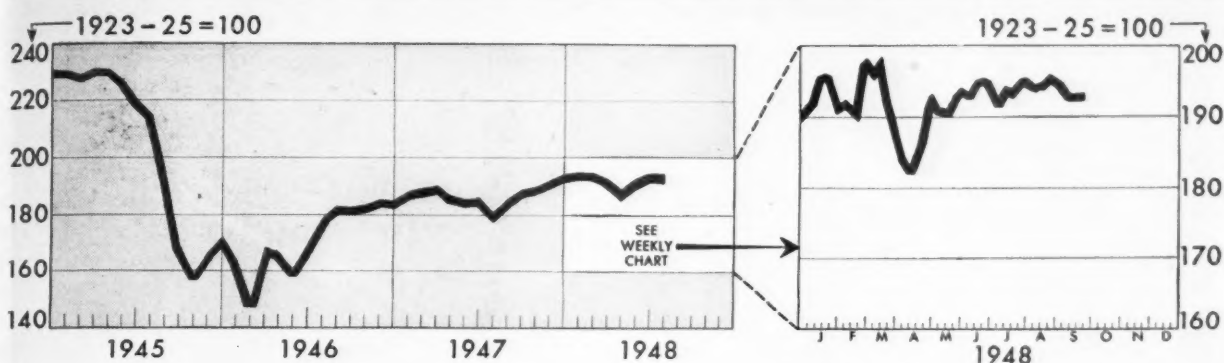
Most striking price disagreement of this week comes in petroleum.

Phillips raised its buying price 35¢ a bbl. (to about \$3 a bbl. for top grade). Most leading refiners, at midweek, refused to follow suit.

Phillips' move was a surprise. Most marketers recently had felt that the chances of an advance this year had passed.

Question now is: Can Phillips' opponents hold the line? If they can still get the crude they need, they can undercut on refined products. If they can't, an all-around rise in gasoline and fuel oil will follow.

FIGURES OF THE WEEK



Business Week Index (above)

\$ Latest Week	Preceding Week	Month Ago	Year Ago	1947 Average
*193.4	†193.3	195.7	190.1	162.2

PRODUCTION

Steel ingot operations (% of capacity).....	96.4	96.1	95.2	94.4	97.3
Production of automobiles and trucks.....	97,424	†94,410	100,699	106,894	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)....	\$22,549	\$23,360	\$23,062	\$22,452	\$19,433
Electric power output (million kilowatt-hours).....	5,461	5,426	5,478	4,956	3,130
Crude oil (daily average, 1,000 bbls.).....	5,343	5,294	5,529	5,196	3,842
Bituminous coal (daily average, 1,000 tons).....	1,983	†2,166	2,053	2,039	1,685

TRADE

Miscellaneous and L.C.L. carloadings (daily average, 1,000 cars).....	87	84	83	89	86
All other carloadings (daily average, 1,000 cars).....	65	64	67	66	52
Money in circulation (millions).....	\$28,083	\$28,156	\$27,965	\$28,556	\$9,613
Department store sales (change from same week of preceding year).....	+11%	-2%	+12%	+7%	+17%
Business failures (Dun & Bradstreet, number).....	101	84	96	77	228

PRICES (Average for the week)

Cost of Living (U. S. Bureau of Labor Statistics, 1935-39 = 100), August..174.5	.....	.....	173.7	160.3	105.2
Spot commodity index (Moody's, Dec. 31, 1931=100).....	416.2	420.7	424.6	433.6	198.1
Industrial raw materials (U. S. Bureau of Labor Statistics, Aug., 1939=100)...	277.0	277.6	278.3	273.4	138.5
Domestic farm products (U. S. Bureau of Labor Statistics, Aug., 1939=100)...	332.6	340.2	347.5	379.2	146.6
Finished steel composite (Steel, ton).....	\$93.86	\$93.86	\$93.86	\$75.41	\$56.73
Scrap steel composite (Iron Age, ton).....	\$43.16	\$43.16	\$43.16	\$37.75	\$19.48
Copper (electrolytic, Connecticut Valley, lb.).....	23.500¢	23.500¢	23.500¢	21.500¢	12.022¢
Wheat (Kansas City, bu.).....	\$2.22	\$2.22	\$2.19	\$2.67	\$0.99
Sugar (raw, delivered New York, lb.).....	5.65¢	5.61¢	5.75¢	6.32¢	3.38¢
Cotton (middling, ten designated markets, lb.).....	31.17¢	31.28¢	30.84¢	30.78¢	13.94¢
Wool tops (New York, lb.).....	\$1.599	\$1.640	\$1.782	\$1.755	\$1.281
Rubber (ribbed smoked sheets, New York, lb.).....	22.72¢	23.02¢	22.43¢	17.50¢	22.16¢

FINANCE

90 stocks, price index (Standard & Poor's Corp.).....	122.4	124.1	127.5	119.0	78.0
Medium grade corporate bond yield (30 Baa issues, Moody's).....	3.46%	3.46%	3.45%	3.30%	4.33%
High grade corporate bond yield (30 Aaa issues, Moody's).....	2.83%	2.84%	2.84%	2.66%	2.77%
Call loans renewal rate, N. Y. Stock Exchange (daily average).....	1½-1½%	1½-1½%	1½-1½%	1½-1½%	1.00%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate).....	1½-1½%	1½-1½%	1½%	1%	4-4%

BANKING (Millions of dollars)

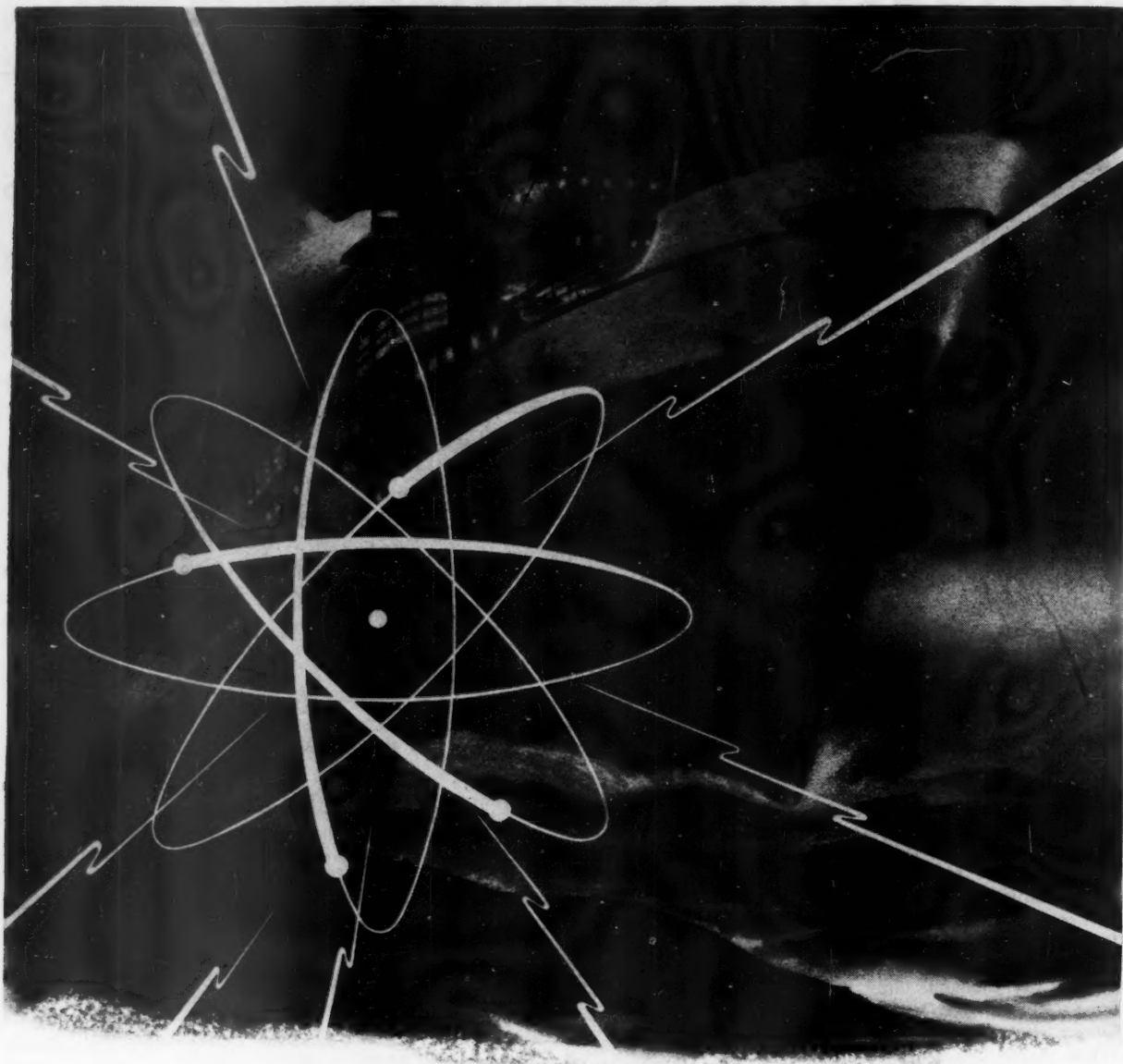
Demand deposits adjusted, reporting member banks.....	46,838	47,446	47,059	47,303	††27,777
Total loans and investments, reporting member banks.....	63,020	63,718	63,241	64,566	††32,309
Commercial and agricultural loans, reporting member banks.....	15,201	15,183	14,847	12,935	††6,963
Securities loans, reporting member banks.....	1,616	1,519	1,519	1,906	††1,038
U. S. gov't and gov't guaranteed obligations held, reporting member banks.....	33,921	34,744	34,702	38,680	††15,999
Other securities held, reporting member banks.....	4,456	4,475	4,417	4,317	††4,303
Excess reserves, all member banks.....	1,100	1,810	850	875	5,290
Total federal reserve credit outstanding.....	22,545	21,921	21,993	22,573	2,265

*Preliminary, week ended September 25th.

†Revised.

‡Date for "Latest Week" on each series on request.

††Estimate (B.W.—Jul.12'47,p.16).



Safely through the night, guided by magic eyes and ears

With Radar penetrating fog and darkness, Loran locating position, Sonar sounding the depths, and Radio reaching far in all directions . . . safety of ocean travel has made tremendous gains. On many liners, freighters and tankers, power for these and other safeguards is assured by trustworthy Exide Batteries.

There are Exide Batteries for every storage battery need. They serve you directly and indirectly in numerous ways. Exide Batteries supply safe, dependable motive power for bat-

tery electric industrial trucks and mine haulage units. They are used by telephone, telegraph and electric light and power companies . . . by radio broadcasting stations . . . by municipalities for fire alarm systems. On aircraft they perform many tasks.

Exide
BATTERIES

Railroads use Exide Batteries for car lighting, air-conditioning, Diesel locomotive cranking and signal systems. And on millions of cars, trucks and buses they give daily proof that "When it's an Exide, you start."

Information regarding the application of storage batteries for any business or industrial need is available upon request.

THE ELECTRIC STORAGE BATTERY CO.,
Philadelphia 32
Exide Batteries of Canada, Limited, Toronto

1888 . . . Dependable Batteries for 60 Years . . . 1948

WASHINGTON OUTLOOK



AFTER THE U.N. votes to censure the Soviet Union, then what? That's the question we posed two weeks ago. Washington had no concrete plan then. But talk ranged from a trade embargo all the way to war.

Today, the government discounts the chances that war will come out of the Berlin mess. The situation is serious, sure. When you shake your fist in the face of a major power, there's always the risk of war.

But U. S. intelligence can't find the kind of activity by Russia to support an early military move. That is, no massing of troops in Poland or the Soviet zone of Germany, no stockpiling of supplies, no readying of transport.

So don't look for any basically new U. S. action to follow up the U.N. vote scolding Russia.

Reason: If Dewey wins, Truman will be running a caretaker government until Jan. 20. Even with a firm bipartisan foreign policy—and U. S. Ambassador Smith has made clear to Stalin that we have this—an outgoing president can't take decisive steps. He can't, for instance, ask Congress for military lend-lease to back up the West's determination to stay in Berlin. He can't even make an about-face and pull out.

So what would happen during such a political hiatus? The West would mark time, continue to supply Berlin by air.

SUPREME COURT DECISIONS of importance to industry will come in the new term beginning Oct. 4. There's a backlog of some 300 cases; a lot more are on their way up.

You'll get answers on some Taft-Hartley sections, as well as on antitrust, utilities, food and drug, tax issues. Here are some of the major cases:

Non-Communist Affidavits—Two cases in which lower courts have upheld the oaths are being appealed—by Phil Murray's steelworkers and the C.I.O. clerks in New York. Rights of noncomplying unions to use NLRB hinge on the court's decision.

Pensions—Employers' obligation to bargain on pensions is the issue in the steelworkers' case against Inland Steel Co. (page 94).

Union Political Spending—A clear-cut decision on whether unions can spend funds in political campaigns will be sought by the A.F.L. painters of Hartford, Conn.; they were fined for buying radio time and newspaper ads urging defeat of six congressmen who voted for Taft-Hartley.

Injunctions—Three railroad brotherhoods

challenge the injunction which sidetracked their strike last May. Basic issue: whether a railroad strike can be enjoined without government seizure.

Closed Shop—Taft-Hartley's closed-shop ban will be tested by the C.I.O. maritime union's demand to keep its Great Lakes hiring halls. NLRB has ruled they're a form of closed shop and, therefore, illegal.

Antitrust—The court is in for another round of monopoly decisions but none so jolting as last term's cement basing-point case.

Examples: Ford's appeal for permission to re-acquire its own financing corporation; Standard of California's agreements with dealers who lease its service stations that they will sell only Standard or Standard-sponsored gas, oil, and automotive products; government-sponsored price-fixing agreements on milk.

Taxes—Among 30-odd technical tax regulations up for decision is the Phipps case; it will decide whether losses of dissolved subsidiaries may be charged against profits of a solvent one in the reorganization of a parent corporation.

ECA IS SPENDING its money on schedule—but it's not Rep. Taber's 15-month schedule, it's Sen. Vandenberg's 12.

This week, at the six-month mark, \$2-billion have gone out in grants to Europe, and another \$500-million in loans are all set for signing. That's half of the \$5-billion Congress O.K.'d for ERP countries last June.

Hoffman sees no slackening in the spending rate for the next six months. So, by Oct. 15, he'll ask Truman to approve using up all the funds in 12 months. This formality is required by the Vandenberg-Taber compromise; under it, the G.O.P. Congress made a 15-month outlay, but permits using it in 12 if the President wants to take the responsibility.

This would leave ECA with no funds to run on from next April through June. Hoffman's plan, then, is to go to Capitol Hill early next year with a wrap-up of what ECA will need for the 15 months from April, 1949, through June, 1950. That way, he won't have to make an extra trip to the Hill to ask for supplemental money for the April-June quarter. He'll simply ask for an advance and pick up the rest when Congress gets around to voting it.

THERE WAS MORE THAN JUST TALK to this week's meeting of International Monetary

WASHINGTON OUTLOOK (Continued)

Fund and the World Bank. Men like Cripps, Snyder, and Mendes-France (of France) did more than just listen to speeches. In private meetings they came to grips with some of the world's biggest money headaches.

You'll be seeing the results of some of this spadework soon. For instance:

Sterling—Free convertibility of sterling into other currencies, now limited to so-called American-account countries—U. S., Philippines, and some Latin American nations—may be broadened.

France—By the end of the year the franc may be devalued further.

East-West Trade—The World Bank and a half-dozen ECA countries are closing a deal with five eastern European nations to swap equipment-financing for timber. The plan would save the West about \$80-million in ECA funds in two years.

Mexican Peso—Mexico has finally promised to set a par value on the peso; it looks as if it'll be about 6½ to the dollar.

OUTLOOK FROM ALBANY

ABOARD DEWEY CAMPAIGN TRAIN—The new Dewey you've heard about is a friendly fellow who is learning really to enjoy the hurly-burly of campaigning.

Tom Dewey is making more than twice as many speeches this year as he did in 1944; and he's making them a lot better. He's making them more easily, more convincingly, actually having fun.

He's best in his informal, back-platform chats, which were rare four years ago. And he's best when he is talking off-the-cuff, when he can weave a word-and-tone spell to suit the mood of his audience.

There is more than a touch of evangelism in this year's Dewey campaigning.

He rejects the "mature economy" thesis for the United States as a policy to guide the national government.

Instead, up and down the countryside, he is preaching: America's future is still ahead of us; with teamwork it can be glorious; every American—farmer and worker, banker and employer—is dependent upon every other American.

He concedes freely that neither he nor the Republican Party has pat answers all worked out for the many problems that demand attention. But Dewey argues: The best way to reach solutions is for all groups to unite behind the Dewey team.

THE RESULT is that, come Election Day, you will have to take Tom Dewey largely on faith.

For Dewey is not going to spell out the details of what he would do as President until he is President. He intends, instead, to keep hammering away at his unity theme, to outline only the framework within which to work next year.

For instance:

You will know that Dewey is pledged to revise taxes. Object: to encourage savings and stimulate production.

But you won't know just how Dewey would do this. It's doubtful that he does either, yet; he appreciates the growing demands on the budget.

You will know, too, that Dewey is convinced that the potentials for peacetime atomic development are too vast to be left "solely in the hands of a government monopoly."

But you won't know when and how a Dewey administration would change the McMahon act.

Again, you will know that Dewey has promised to cut down waste and extravagance in the Federal bureaucracy.

But you won't have any promise that government costs will be cut in total amount: The Dewey people know they cannot be appreciably cut today.

All this doesn't mean that Dewey is playing phony. He isn't. There's a ring of sincerity in his voice when he says: These are stirring times to be an American.

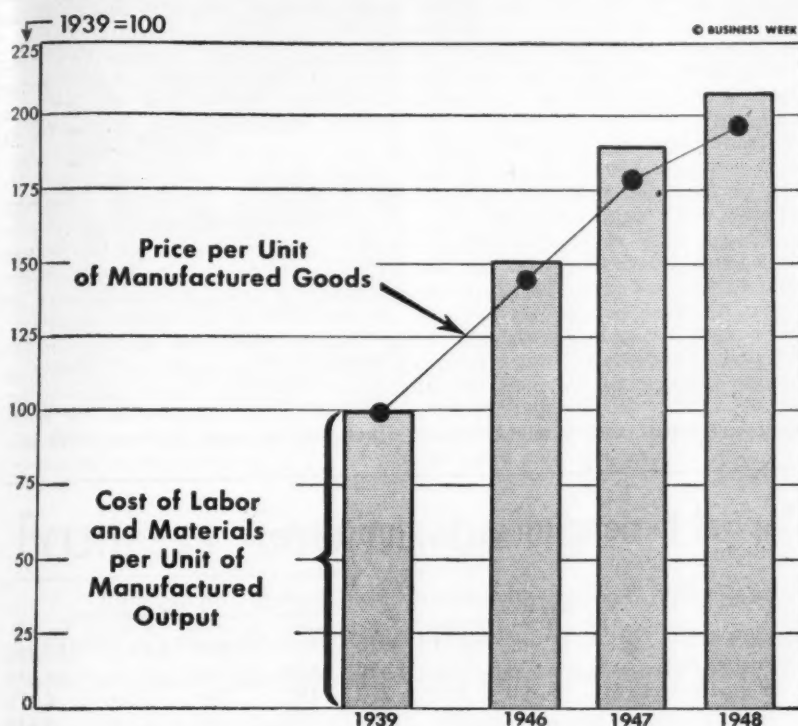
He means it, and he thrills at the prospect of helping shape the times just ahead.

Also, Dewey knows that, to win on Nov. 2, he doesn't have to get down to the specific details of the issues. And that, if he did, he'd only make somebody mad.

You won't hear Dewey, for instance, ever retaliate directly to Truman's barbs—as he did to F. D. R. in mid-campaign in '44. Dewey, this time, is having more fun with the needle than he could with a meat-axe.

Witness: "We know this [fighting communism] will not be an easy job. We've seen other men work at it and fail. There's a strong temptation, when the going gets tough, to turn aside from serving the national interest and begin to complain and scold and take up smaller issues.

"Every time a public figure in America makes an appeal to special interest—whether it's an economic or a sectional or a group interest—the bonds of national unity are weakened. We will not forget that lesson."



Direct costs are outrunning prices. And that makes them . . .

Management's No. 1 Problem

Businessmen are baffled over how to pare costs when labor and material charges keep rising. It may take a depression to do it generally, but companies can act even now.

For the first time in nearly a decade, "cost" is really becoming an important word in the businessman's vocabulary.

• **It's Always There**—It bobs up again and again when you talk to businessmen about their problems:

A midwest retailer—"The main problem is expense; we must have a 15% increase in sales to match 1947 profits . . ."

An eastern manufacturer—" . . . the narrowing margin between profits and the costs of labor and materials. We can't go on raising prices without running into buyer resistance. . . ."

A western wholesaler—" . . . nearly every item which enters into our business—wages, salaries, wrapping paper, even telephone calls. The only way out is to keep increasing volume."

A mid-west manufacturer—"If we try to hold the established price line our margin continues to narrow."

A midwest packer—" . . . problem is

conducting the business when the cost of doing business is doubled."

A New England textile man—" . . . how to make shirting materials of \$2.50 quality to sell for \$2.50 to customers who'll no longer buy \$5 and \$7.50 shirts, while the mill is backed up against an immovable cost wall."

• **Conferring**—This week was a typical one. The Institute of Newspaper Controllers met in Chicago. Their subject: how to control editorial, mechanical, and material costs. Airline officials gathered in a special meeting at Kansas City to hear how TWA had cut its costs \$400,000 a month (BW—Jan. 17'48, p76). The American Management Assn. announced a New York meeting this month to discuss how to cut office costs.

And all over the country, consulting management engineers reported a rising volume of inquiries from firms seeking cost-reduction studies. Often the ap-

proach came from a company management baffled by the stickiness of its cost structure. Just as often it came from a board of directors or a stockholder group upset over lush management spending.

Two different auto manufacturers last month started passing the word to their dealers: Be ready to pare expense for the day when prices will have to be cut. One of them argued that most dealers could readily lop \$200-\$300 per car off their budgets. Another automaker is setting up a special unit of several hundred engineers to concentrate on studies aimed at cutting production costs.

• **Reasoning**—It looks paradoxical—this preoccupation with costs in a period of booming business, with profits still on the rise in most lines. But you can see part of the reason for it in the chart (left). It shows that in manufacturing the direct costs—the costs of labor and materials needed to make goods—have been rising rapidly since 1946—rising faster than the prices for manufactured goods. In other lines—retailing, transportation, utilities—the figures are harder to come by, but the facts are the same.

Despite this spread, profits have risen. Essentially, profits have been made possible by low overhead expenses—salaries, rent, interest, depreciation, and the like. These "fixed" costs have risen too, of course, many of them a lot. But they haven't risen enough to outweigh the tremendous increase in volume of production as compared with prewar.

The result is that, per unit of output, manufacturers' overhead costs are hardly greater than they were in 1939. And with prices nearly double 1939, that leaves room for big profit increases and even bigger tax increases.

• **Threat**—That's fine while it lasts. But many a businessman feels as though he were trying to climb a spinning wheel when he has to keep volume rising all the time to stay ahead of costs. Ahead of him he can see two different kinds of trouble:

(1) Here and there, soft spots are showing up in the economy (page 22)—lines where price resistance is climbing and volume is dropping. Suppose his industry should be the next one to come to the end of the price-increase road. He can't count on his material costs to drop at the same time. And despite his private depression, his workers still face a high cost of living. The cost line wouldn't have to keep rising very long, with his prices fixed or declining, to

wipe out the lushest profits entirely.

(2) Even if he isn't caught in any personal squeeze between his customers and his costs, it wouldn't take much of a drop in the general volume of business to play havoc with the precarious arithmetic of his profits. As soon as volume dropped his unit overhead cost would begin to climb. That would close the gap in which he now lives so comfortably.

A year ago a BUSINESS WEEK survey indicated that some 62% of all companies had to operate at 60% of capacity or better in order to break even (BW-Sep.27'47,p112). And break-even points have probably risen since.

• **Remedy?**—Can anything be done about it? Can costs be shaved in preparation for trouble instead of in response to trouble?

In the over-all, probably not much can be done—short of some degree of depression. Most businessmen have resigned themselves to high costs. Economists argue that the boom psychology is just too strong for vigorous action—the complacency bred of huge backlogs, the hiring and buying habits of wartime, the pressure to produce at any cost.

• **No Help**—It's all very well to turn down a \$5 requisition for scratch pads, as one West Coast company president did last month, and tell the requisitioner to use obsolete sales bulletins instead. But, ask the economists, will that stop the auto industry from bringing in steel from Brazil, or shipping parts by air so as to assemble a few extra cars? Will it stop builders from using high-priced substitute materials, or from paying premiums on familiar ones?

The character and caliber of management itself is often another obstacle to any drastic cost-cutting. In many a war-boomed business, management came up fast—and in a period when production was everything. Purchasing agents were taught to get the goods first and worry about prices later. Experienced sales, finance, and administrative men are hard to come by.

"Many corporations are now run by men in their 40's," says one experienced executive. "They weren't in responsible positions in the last depression; they don't know how to recognize a depression when it starts."

• **New Equipment**—The one easy boom-time way of cost-cutting is to install new and more efficient plant and equipment. Industry is going in for that in a big way (right). This does save money. Most companies say they can still find good investments for all the funds they can lay their hands on—investments which will pay out in economies within three to five years.

But even that expedient may be booby-trapped. In a sense, new equipment trades direct labor costs for over-

head fixed charges. At today's prices, a company can run its depreciation charges up mighty fast by a program of modernization, and—accountingwise—make itself that much more vulnerable to a drop in volume. (On the other side of the coin, of course, you can read that the company which goes into troubled times stuck with old high-cost equipment may lose more than its share of volume.)

• **Comfort**—But the economists do comfort themselves with this thought: Any sort of depression would squeeze a lot of water out of costs mighty fast.

Though wage rates aren't likely to drop much, layoffs would hit the least efficient first and raise average productivity. A lot of business services and frills won't look so indispensable.

• **Case By Case**—Over-all, then, the picture is discouraging. But management engineers, who look at one case at a time, insist that almost any company

with skill and determination can cut costs heavily even now.

These specialists are still recommending modernization, automatic machinery—if a quick pay-out can be shown. But what they are looking at sharpest is the overhead and auxiliary costs.

• **Targets**—Costing systems themselves are almost universally obsolete, they find—good enough for the relatively stable 30's, completely inadequate to today's gyrating prices and conditions.

Other targets: sales costs and methods; accounting installations; shipping, maintenance, and warehouse departments that have just grown without much management attention; top-heavy, low-quality supervision; unbalanced inventories; loose organization topside.

The very fact that most companies throw up their hands over costs, say the management experts, offers an extra competitive dividend to the outfit that grinds its teeth and swings the axe.

Capital Expenditures by Industries

In Millions of Dollars

	Manufacturing	Mining	R.R.	Other Transport	Gas & Electric	Commercial & Misc.	Total
Actual 1947.....	\$7,460	\$690	\$910	\$800	\$1,900	\$4,430	\$16,180
Estimated 1948.....	8,030	770	1,320	680	2,540	5,280	18,630
1st quarter (actual)...	1,800	180	270	180	500	1,240	4,170
2d quarter (actual)...	2,140	200	300	190	640	1,340	4,810
3d quarter (est.)...	2,160	200	360	170	690	1,360	4,950
4th quarter (est.)...	1,940	180	380	150	700	1,330	4,690

Capital Expansion Rolls On

Slump in expenditures during first quarter of this year was a false alarm; business plans to spend more this year than last. But the figures are deceptively high because of higher costs.

Three months ago, it looked as if the boom in capital expansion was beginning to fizzle. For the first time in three years, actual expenditures for plant and equipment had failed—in the first quarter of 1948—to equal businessmen's estimates (BW-Jul.17'48,p22).

• **False Alarm**—But apparently the drop was a false alarm; this week capital expansion seemed to be booming again. A report issued jointly by the Commerce Dept. and the Securities Exchange Commission shows:

(1) Actual capital expenditures for the second quarter of 1948 (\$4.8-billion) exceeded previous estimates by more than \$100-million.

(2) Business plans to spend a record \$9.6-billion on new plant and equipment during the second half of 1948—\$4.9-billion in the third quarter, \$4.7-billion in the fourth.

(3) For all of 1948, business will spend \$18.6-billion on capital expansion

—\$2.4-billion more than it did last year.

• **Caution**—The optimism in these figures should be deflated with a little caution. For one thing, rising costs may have boosted actual over previously estimated expenditures.

For another, the \$9.6-billion earmarked for the last half of 1948 is deceptively high—and for the same reason: Because of higher costs, it will buy only about as much in physical terms as last year's \$9-billion.

• **Trends**—These figures, when broken down by industrial groups, confirm an already well-defined trend (table, above). Expansion of the manufacturing group, though still the largest component, is falling off in relative importance. Together with mining, nonrail transport, and commercial industries, this group plans to spend less in the fourth quarter than in the third. Railroads and gas and electric utilities, on the other hand, expect to spend more.



DEWEY conducts an evangelistic sort of revival on his western swing . . .



TRUMAN a last-ditch battle. Both put on a good show, but its . . .

Fruitless Campaigning

Dewey has lost nothing, Truman has gained nothing as the presidential campaign reaches its midpoint. With eyes on the important Senate elections, both make promises to the West.

The Truman-Dewey contest for president—at the halfway mark—has probably accomplished exactly nothing.

That is—Governor Dewey was way ahead when he embarked on his western swing. He's still way ahead.

• **Making Friends**—Perhaps President Truman in his own "hell for leather" campaign has made a few friends. Latest California polls show him 6% stronger—but leaves Dewey still leading 46% to 41%.

Dewey began with a big advantage, and he has tailored his strategy accordingly: Keep what you've got—by talking in broad terms; by selling the new Dewey personality; and, most of all, by making no boners.

Truman's object is the reverse: Bludgeon the record of the 80th Congress, thereby attracting voters who are mad; try to lure recalcitrant southerners and Wallacites back into line; prod unenthusiastic labor into action.

• **Mileage**—Dewey traveled 8,000 miles, made prepared and back-platform speeches every 60 miles.

Truman rode about the same number of miles. He drove himself as hard as Willie did in the early days of the '40 campaign, probably harder. He was up at 5:30, didn't quit until 10 or 11 at night.

• **Accomplishments**—Dewey probably nailed down all the far west, with the exception of Arizona, New Mexico, and

Nevada (combined electoral vote: 11). Truman gained ground in California, probably nailed down Texas and Oklahoma.

• **Western Bonanza**—For the West, the criss-cross of campaign trains brought a bonanza—of promises.

Dewey reminded westerners that the 80th Congress had appropriated 50% more money for reclamation than the Democrats ever did. He promised local areas they would have a bigger hand in running their own projects in the next four years.

He said there should be rapid development of rivers for irrigation, flood control and power—but no more TVA's. He came out for government transmission of power from public dams.

Truman outdid even Roosevelt in advocating federal transmission lines. He argued that the 80th Congress, by tricky amendments, actually made inadequate appropriations for reclamation.

• **For Farmers**—Both promised the farmers continued aid for soil conservation and rehabilitation. Truman stood on New Deal accomplishment. Dewey said he'd give farmers the technical assistance they need for improving their land—aid just as important as subsidies.

• **Taxes**—Dewey promised tax revisions to assure expanded investments in "America's future." But whether and how much taxes would be cut, Dewey didn't say.

Truman used the words "tax reduction" only as invective, along with "N. A. M.," "Wall Street" and "gluttons of privilege."

• **Pattern**—In a way, you get a pattern of the campaign to date from just such phrases as Dewey's: "A rebirth of confidence . . . a new unity among our people." Or Truman's: "They don't want any unity; they want the kind of unity that benefits the N. A. M."

For Dewey, it's sort of an evangelistic revival, without gymnastics. For Truman, a bantam-rooster kind of fight.

From aboard the campaign trains, here's the way things look:

Dewey: The confidence and efficiency Dewey shows on the platform is no facade. Backstage, everything runs in a smooth manner. The unexpected never happens.

You had the magnanimous Dewey: High prices aren't a political problem. There are good people in both parties.

You had the economical Dewey: Every avoidable dollar of spending will be cut out. "We can build up our military strength, reduce our debt, and still see to it that taxes are less of a burden."

The Dewey of the bi-partisan foreign policy: "Nothing will divide our country and nothing more than a crisis will so unite us."

Dewey on Communism: He wouldn't play "footsie" with the Communists, as the Democrats have been doing. "We must neither ignore the Communists nor outlaw them." What he'd do is see that they are exposed.

In a nutshell, Dewey sees things this way: "Take America toward new peaks of greatness, toward a better life."

Truman: Everything seems to go wrong, the occupational hazard of a loser. Funds are low; only one speech in California was broadcast. Staff work is poor: Advances of speeches just don't get out; last minute changes in plan are the rule. Politicians boarding the train don't act very confident.

The best side of Truman is Truman the off-the-cuff speaker. But even in that role his tongue is quicker than his brain, and he makes frequent breaks.

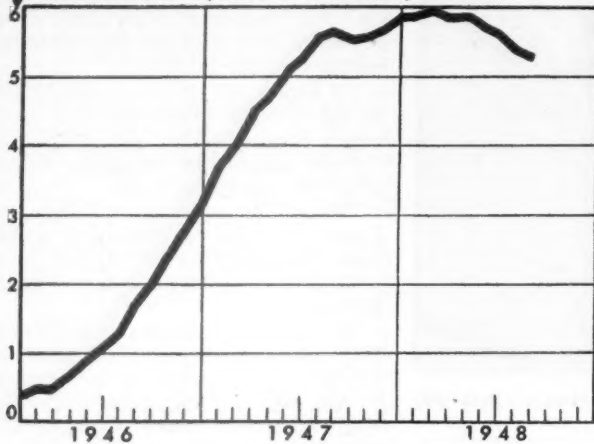
The futility of Truman's effort, up to now at least, could be summed up this way: If Truman needs to campaign three days in Texas, why does he campaign at all?

Here's the answer: The Democrats haven't counted themselves out of regaining control of the U. S. Senate. If Truman helped win that plum for the party, he'd have done his job, and the party would have a foundation for rebuilding.

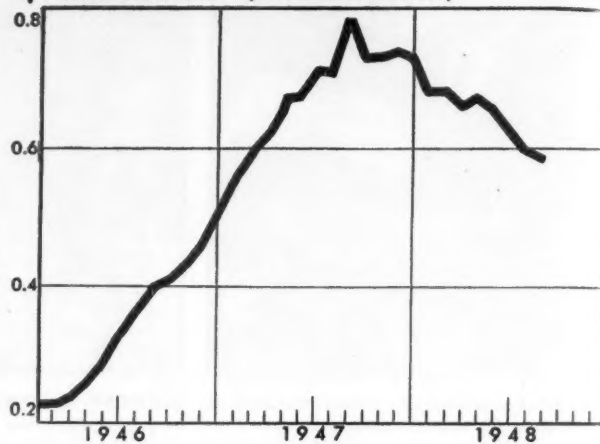
Turn that around and you have Dewey's main purpose, too. On the western swing Dewey concentrated on six of the 10 states where Senate races are closest. His plea: "I can't do this job alone. It is going to take a great big team."

A Look at Some Soft Spots in Business as

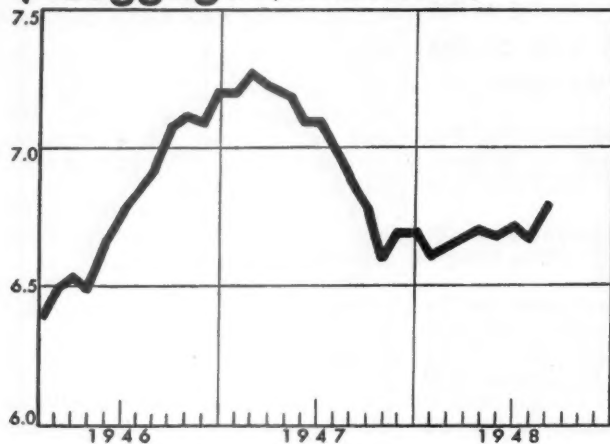
↓ **Radios** (millions of dollars)



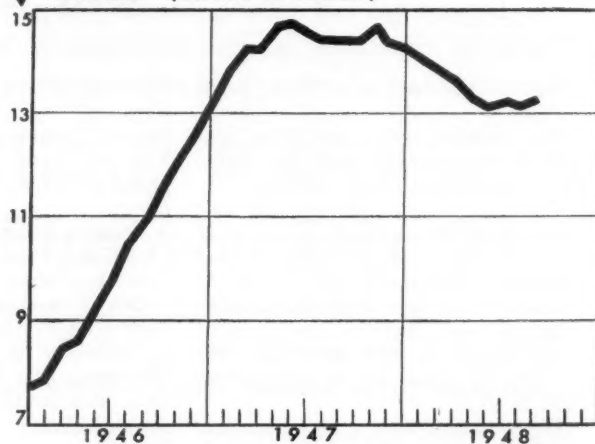
↓ **Records** (millions of dollars)



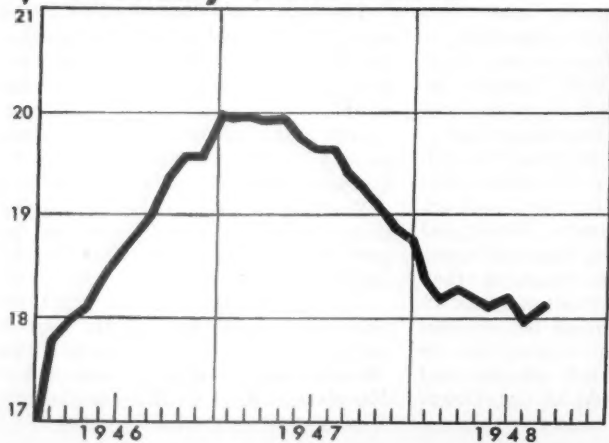
↓ **Luggage** (millions of dollars)



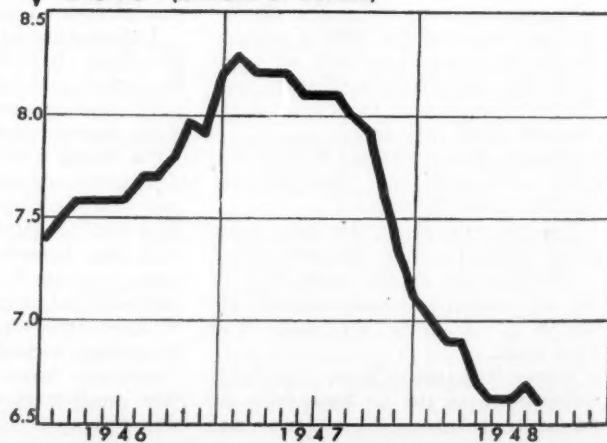
↓ **Tires** (millions of dollars)



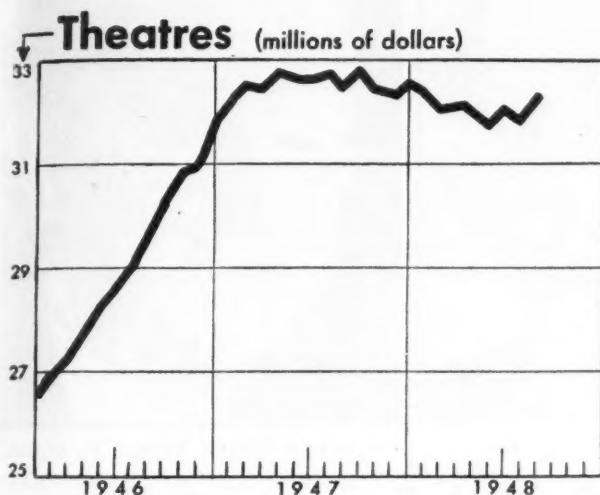
↓ **Jewelry** (millions of dollars)



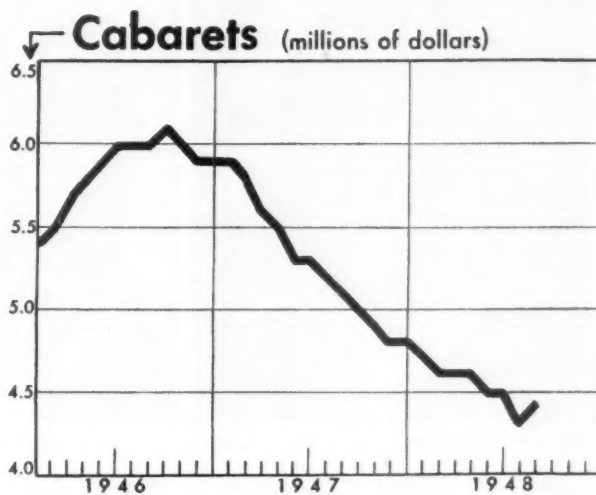
↓ **Furs** (millions of dollars)



as Shown by U. S. Excise Tax Collections



Data: Bureau of Internal Revenue.



© BUSINESS WEEK

A study of excise tax collections is a good way to gage the trend of business—in fields that are taxed. Here such figures are charted for eight lines that have dropped off from their postwar peaks.

In radios, phonograph records, and tires the excise taxes are on manufacturers. In luggage, jewelry, and furs they're on retail sales. Theatre taxes are on admissions, cabaret taxes on nightclub spending.

The chart curves are plotted to take out season influences. This is done by using what statisticians call "12-

month moving averages": The figure for each month is the average of that month and the preceding 11 months.

There is one qualification in the chart on furs. A change in the law on Apr. 1, 1947, made fur-trimmed coats tax exempt, providing the value of the fur was less than one-third the value of the rest of the garment. The Treasury Dept.'s Bureau of Internal Revenue says, however, that this has little effect on collections, since anyone who now buys a tax-exempt fur-trimmed coat would probably have bought a plain cloth coat before the tax went off.

How Much Oil for Diesels?

Such locomotives account for only 1% of total U. S. oil use, says G. M. in rebutting charges that they are making petroleum pinch tighter. Oil-burning steam locomotives use far more, it says.

The oil shortage has brought a lot of violent charges against the diesel-electric locomotive. The arguments have been that growing use of diesel power by the railroads is:

- (1) Depriving householders and other fuel-oil consumers of needed oil;
- (2) Placing a heavy burden on the nation's refining capacity; and
- (3) Speeding up the drain on our dwindling oil reserves.

• **"White Paper"**—The General Motors Corp.,—which has a big stake in diesel locomotives—finally decided not to take this criticism lying down. So its Electro-Motive Division, collaborating with G. M.'s Research Laboratories Division, got together fact and figure to fight the charges.

In its "white paper," issued this week, G. M. makes this main point: Oil con-

sumption by railroads in 1947 averaged 317,000 bbl. daily. But of this only 52,000 bbl. daily were allotted for diesels; the rest was heavy fuel for oil-burning steam locomotives.

• **G. M.'s Statistics**—Here's how G. M. goes on to develop its case:

(1) Diesel-electric locomotive fuel consumption is only 1% of total U. S. oil use.

(2) By replacing all coal- and oil-burning steam locomotives with diesels, the nation's railroads would actually consume less petroleum products than they do at present. Complete dieselization would boost diesel fuel needs to only 256,000 bbl. daily (based on 1947 operations). Yet oil-burning steam locomotives alone used 265,000 bbl. of heavy oil daily last year. Thus, G. M. is arguing that diesel-electrics are far more effi-

cient users of oil than oil-burning steam locomotives.

(3) Between 1941 and 1947, oil consumption by diesel locomotives rose only 44,900 bbl. daily; in the same period, petroleum-product consumption by all other users rose 986,000 bbl. daily.

(4) Complete dieselization of the railroads would, on the basis of 1947 figures, save the railroads \$340-million a year on their fuel bills, \$210-million annually on maintenance and repair costs.

(5) If all diesel-electric locomotives now in operation were to be scrapped, the nation's oil reserve would be extended only 45 days. If railroads were 100% dieselized, the oil reserves would run out just seven months earlier.

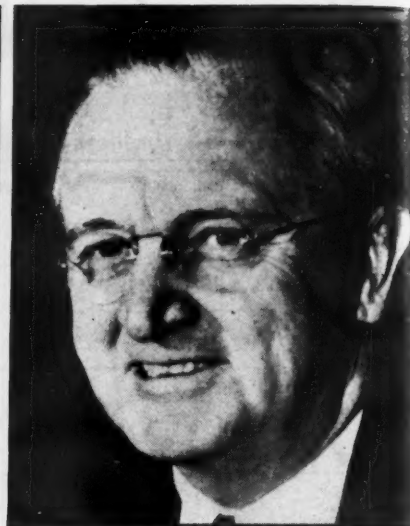
• **Auto Savings**—Besides defending diesels, G. M. took the opportunity to promote its own attack on the fuel-supply problem—the Kettering engine (BW—Sep. 25 '48, p. 36). Automobiles with engines using 20% less fuel have been operated hundreds of thousands of miles. Applied nationally, this potential saving amounts to 400,000 bbl. of gasoline daily—or eight times the amount of diesel fuel U. S. railroads used last year.



INSURANCE MAN Thomas I. Parkinson



BANKER Joseph M. Dodge



RESERVE CHIEF Thomas B. McCabe

Arguing Over U. S. Bond Supports

Bankers say keep them, insurance men say no. Actually, they are debating how much you'll pay for the money you borrow.

When the American Bankers Assn. met in Detroit this week, one of the hottest issues on the agenda was: What should the government do about supporting the prices of its bonds?

Six months ago, this was just academic argument. Now, it is a public fight. Next January it may be political.

• **Key to All Rates**—The immediate question is whether or not the Federal Reserve Banks should continue to put a floor under the government bond market (questions and answers, page 25). But the real issues are far broader.

The government bond market is the cornerstone in the whole structure of interest rates. If the yields on governments go up, all other rates will rise, too. Consequently, the argument over the Federal Reserve support policy in one sense is an argument over how much borrowers will pay and lenders will earn.

• **Question of Inflation**—And beyond that there is the inflation question. The traditional way for a government to fight inflation is to tighten up credit, raise interest rates, make money hard to get. But as long as it is protecting the government bond market, the Federal Reserve Board can't do that. Dropping the support policy would be one of the most drastic anti-inflation steps the government could take.

But a drop in government bond prices would hurt a lot of investors. And the deflation shock might smash the boom entirely instead of bringing it under control.

• **Dodge Defends**—Whether or not you believe in the government's support pol-

icy is likely to depend a good deal on how heavily you are invested in governments and how seriously you take the threat of further inflation. These differences in viewpoint help explain some of the differences in opinion that showed up in Detroit this week.

Joseph M. Dodge, outgoing A. B. A. president, made a statement endorsing the support program. To drop it now, he said, would be "of doubtful expediency."

Later, Frank C. Rathje, a former A. B. A. president, echoed Dodge's sentiments. The demand for abandoning support prices, he said, "does not come from the rank and file of the bankers."

• **Parkinson Attacks**—But on the same day, Thomas I. Parkinson, the peppery president of the Equitable Life Assurance Society, made it clear where some of the pressure's coming from. Addressing the Economic Club of Detroit, Parkinson laid it on hard. He accused the Federal Reserve Board of promoting inflation by propping up the government bond market. And he accused the commercial bankers of jumping through hoops to please the Federals.

As far as the support program is concerned, Parkinson's prescription is simple: Throw it out. "Neither the life insurance companies nor the banks," he declared, "have any right to expect a guaranteed buyer."

• **McCabe's Last Word**—Meanwhile, in Philadelphia, Chairman Thomas B. McCabe of the Federal Reserve Board was telling a Chamber of Commerce luncheon: "I remain of the conviction that

for the foreseeable future the support program should be continued."

For the present, McCabe gets the last word. The support program almost certainly will continue until next January. And in all probability, it will continue long after that, even under a Republican administration.

And yet no one knows better than the Reserve Board that the support program is no easy way out. It solves some difficulties. But at the same time it creates new problems.

• **Easy-Money Policy**—The Reserve Board got into the bond supporting business at the start of the war. The government had to sell enormous quantities of its securities to the commercial banks. To make the banks more willing to string along, the Reserve Board promised to support the market for governments at par.

As long as easy money was the main object, the support policy worked like a charm. But after the war, the Reserve Board began to worry about inflation. And then it found that supporting the bond market and tightening credit were things that simply didn't go together.

• **Hedged In**—The Treasury did its wartime borrowing along a scale of interest rates that ranged from $\frac{3}{8}\%$ for the shortest paper to $2\frac{1}{2}\%$ on 20-year bonds. This $2\frac{1}{2}\%$ long-term rate has become the key to the whole money market. The Reserve Board is pledged to keep the yield from going higher (that is, it is pledged to keep the price of the long-term bonds from going below par). Hence, there is a limit on how much it can jack up other rates and put pressure on credits generally.

As things stand, there is no way the Reserve Board can put the brakes on

How the Government Controls the Money Market

In medieval times, government control of the money market was a fairly elementary business. A sovereign whose credit needed bolstering simply rounded up all the money-lenders he could find and let his gaolers work on them until his credit improved.

Modern techniques for managing government credit are somewhat more sophisticated. And that's one reason for the widespread confusion about them.

Here are the answers to some of the common questions about the market for Treasury securities and the way the government controls it:

Q. How does the government support the prices of its securities?

A. The Federal Reserve Banks buy and sell government securities in the open market—that is, via security dealers. They can put a floor under prices by offering to take any blocks of securities that do not find private buyers at a specified price.

Q. Who sets the price?

A. Legally the Open Market Committee of the Federal Reserve System sets the buying prices. This committee is made up of the seven members of the Federal Reserve Board and five of the presidents of the Federal Reserve Banks. In practice, the Secretary of the Treasury and other Administration officials work with the Open Market Committee.

Sometimes they may dominate its decisions.

Q. What effect does support of the government market have on interest rates in general?

A. It tends to keep them low—for two reasons:

(1) When governments are yielding only 2½% or less, banks and other lenders are willing to quote low rates to private borrowers.

(2) If banks need more money to lend to their private customers, they can get it by selling some of their government securities in the supported market. Hence, there is little pressure on them to restrict loans by boosting their rates.

Q. Is the support policy inflationary?

A. Yes, unless its effects are offset by other measures. Low interest rates encourage borrowing by businesses and consumers. More than that, if the Federal Reserve Banks have to increase their holdings of government securities in the course of supporting the market, they lay the foundation for a general expansion of bank credit.

Q. How does this expansion of credit take place?

A. Member banks are required to keep balances with the Reserve Banks equal to a specified percentage of their de-

posits. When the Reserve Banks buy securities, they pay by writing checks on themselves—that is, by increasing the amount of Reserve Bank credit outstanding. This increases the member bank deposits with the Federals; and with the bigger reserve balances (deposits in Federals), the member banks can extend more credit to their customers.

Q. Have the support prices ever been changed?

A. Yes, several times. The last major change was made just before the end of 1947. The Reserve Banks had been buying at substantially above par. On Christmas Eve, they cut the support prices to just a fraction over par for most issues (BW—Jan. 3 '48, p. 48). Also, during the past year the Reserve Board and the Treasury have been letting the yield on short-term governments rise slowly. That amounts to lowering the support levels for the shorter issues.

Q. Has the support program been a major cause of inflation during the post-war period?

A. Probably not. So far, the Reserve Board has been able to offset its inflationary effects by other measures—for example, by increasing the reserve requirements of member banks. But it has kept the board from taking monetary and credit measures that might have been really deflationary.

lending to private borrowers. Banks, insurance companies, or any other holders of government securities can raise money simply by selling some of their governments. And when they sell, the Federals have to buy, unless the market will absorb the offerings above par. When the Federals buy, they expand the whole base of the credit structure.

• **Insurance Companies**—The bitterest critics of the Federal Reserve policy so far have been the big life insurance companies. They want higher interest rates.

Insurance companies as a whole aren't particularly worried about what would happen if government bonds dropped below par. If governments should go under par, most of the insurance companies would hold what they have to maturity and collect the face value. Meanwhile, they would buy in bonds at a discount and pick up the difference as so much extra when redemption time came.

If the Federals stopped supporting governments, interest rates would go higher. Investments would earn more. The general effect would be anti-inflationary.

• **The Banks**—Commercial bankers—with about \$65-billion invested in governments—don't take the same offhand view. They are worried more about liquidity than about yield. Many predict that if governments ever went below par there would be a flood of liquidation that could wreck the whole economy and finish the business boom once for all. Many banks, they say, would be technically insolvent if the bond market really dropped. Losses on governments would wipe out their capital.

Bankers aren't entirely unanimous in their views, though. Some of the big city banks think the best bet would be to cut the support prices slightly below par. They think this would be a penalty on selling governments—without endangering the liquidity of banks that are heavily invested. The result, they think, would be mildly deflationary.

The government securities held by the city banks are generally somewhat shorter-term than those of the country banks. The shorter the maturity of a portfolio, the less its market value drops in a general readjustment of long-term rates.

• **Placating Treasury**—So far, the Federal Reserve Board hasn't yielded much ground to its critics. In the past year, it has let short-term rates go up substantially. But it has stuck to 2½% for the long-terms through hell and high water.

One reason for the board's stand is that it shares the commercial banks' worries about what would happen to investors if it pulled the plug. But another—and equally important—reason is that the Reserve Board has to keep place with the Treasury. And the Treasury wants easy money. It has to nursemaid a \$250-billion debt, and it doesn't want to take any chances of getting caught in a disorganized market with a big maturity coming due.

• **Problem Will Remain**—The Reserve Board's dilemma won't be greatly different if a Republican administration takes over the government next January. There still will be the problem of protecting the banks that are carrying big portfolios of governments. And there still will be the job of managing the government debt. With big maturities coming up, no administration is going to start kicking the market around.

Buyers' Market for Coal

Supply catches up with demand. Immediate result is a drop in sales of poor-quality fuel that could only be sold when things were tight. High-grade coal market is firm.

For the first time since the end of the war, over-all bituminous coal production has caught up with demand. So by last week, coal users were waking up to a pleasant fact: They can once more afford to be choosy about the grade of coal they buy.

• **600-Million Tons**—For several years bituminous output has been running at a consistent rate (except during strike periods) of about 600-million tons a year. Of this total, about 100-million tons were substandard. Until three or four weeks ago, even that coal found a ready market. But since then the roof has been slowly caving in on the low-grade producers. There are two principal reasons:

INDUSTRIAL CONSUMERS have the biggest stockpiles in many a long day. This is partially due to feverish stocking up early this summer in preparation for a protracted July strike—which didn't come off.

EXPORT DEMAND is declining from last year's record level.

• **Firm**—Despite this situation, the market for high-quality coal remains firm, and prices are steady. Most big pro-

ducers are still way behind in their orders. Prices of lower grades, on the other hand, are quite shaky. Shoestring operators, finding their market dying on its feet, have been folding right and left. Much of their coal supply is inherently of such poor quality that there is no other course open to them.

But the shoestring miners aren't the only ones affected. There are many operators with good-grade coal available who have been shipping coal of low quality. Here's why: To get all the coal in a seam, miners often take out, in addition, a little of the surrounding, inert material. To save money, these operators have been shipping the stuff just as it came out of the mine—impurities and all. Coal users had to take it, because it was all they could get. A lot of it was exported, to users who couldn't complain.

• **Preparation**—These operators do not have to shut down, now that the buyers' market has hit them. What they do have to do, though, is to install coal-preparation equipment and prepare their coal before shipping it. If they do that, their coal will be of high enough quality to sell readily.

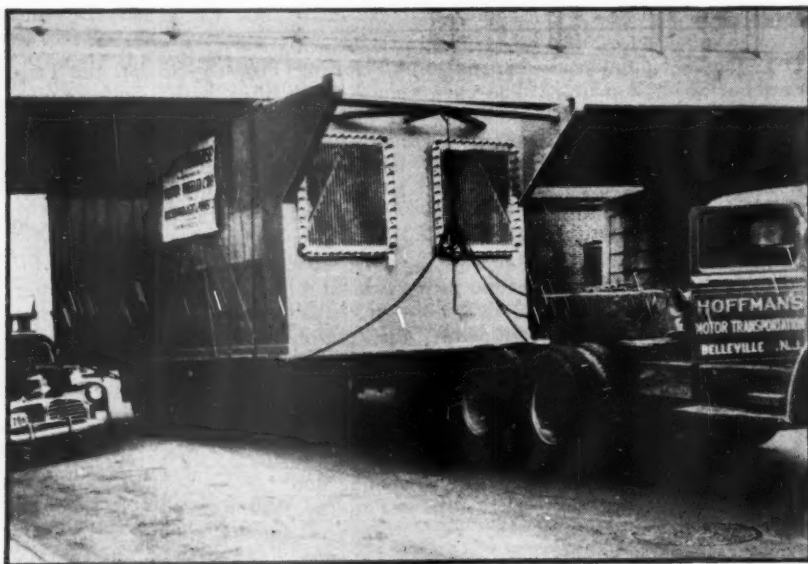
Coal preparation consists, essentially,

of two things: (1) removal of impurities, by cleaning, washing, or sorting; and (2) sizing, either by screening out different sizes or by crushing to specified size. All of the biggest operators prepare their coal carefully.

• **Whither Prices?**—At the moment, the outlook for coal prices is cloudy. Coal men expect price-cutting flurries for the next few weeks, caused by the dying gasps of the substandard producers who are slicing prices to stay alive. After about a month, these industry men expect the price to stabilize around current levels—with only high-grade coal being accepted to fill contracts. Once cold weather sets in (and after the stockpiles of poor-quality coal have been used up), coal men expect no further trouble for a while.

But what of the longer term? Exports are one big factor here. Before the war, they averaged about 11.5-million tons a year. Last year, the U.S. exported a record 68.6-million tons. During the first half of this year, exports were about 28% below 1947 levels.

As England, the Ruhr, and other European producing areas get back on their feet, U.S. shipments of coal may be expected to drop back somewhere near prewar figures. That could mean oversupply here at home, with its usual depressing effect on prices—unless consumption picks up, or output drops. On the other hand, if industrial and householding demands continue to increase at the present rate, there may even be a shortage again in a year or two—despite the probable drop in exports.



Three Firms Team Up for Massive Condenser

This 72-ton condenser encounters a low bridge on its way to help furnish more light and power to customers of Rockland Light & Power Co., Stony Pt., N. Y. The reverse-flow condenser will form the base

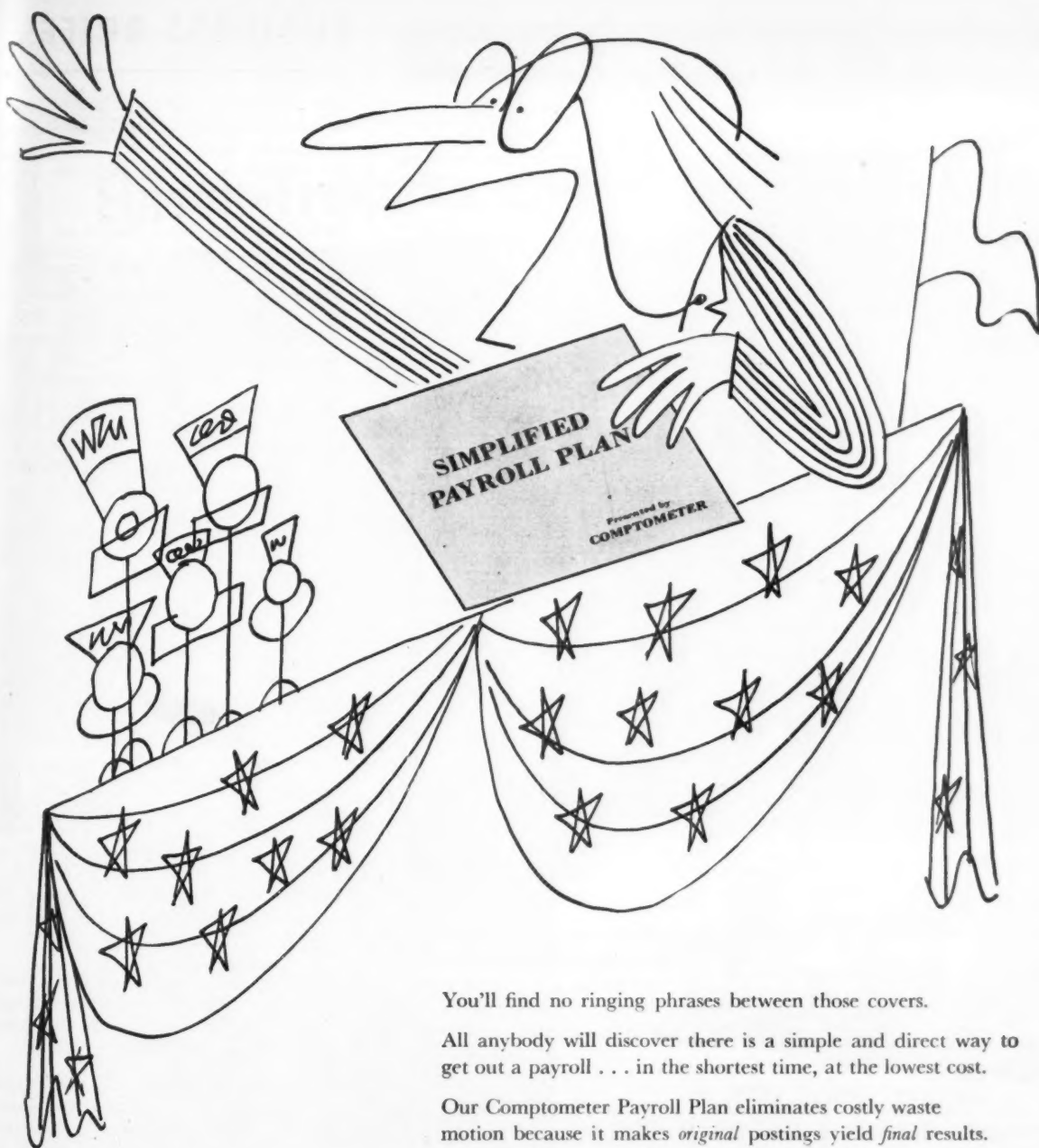
on which a 22,000 kw. turbine-generator will be mounted. The new stationery power plant is a joint project of Foster-Wheeler Corp.; General Electric Co.; and Burns & Roe, Inc., engineers.

Government Acts To Dismember Airline

The Civil Aeronautics Board has set out to discover whether it can dismember an airline in the interest of "a sound air transportation system." The Board will start hearings in December on its proposal to break up strike-bound National Airlines, require sale of its routes.

National has been talking merger with other lines (BW—Sep. 24 '48, p93). It lost nearly \$1-million in the first half of the year, and its regular pilots have been on strike since Feb. 3, although the line is operating all its flights. Its troubles come at a time when CAB is getting increasingly hard-boiled as a result of mounting airline demands for additional government mail pay to offset losses.

Technically, CAB can't force National to sell its routes, or other lines to buy them. But CAB authority over mail pay and route authorizations amounts to complete economic control over the lines. Nevertheless, George T. Baker, National president, is counted on to fight to the last word of testimony.



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Our Comptometer Payroll Plan eliminates costly waste motion because it makes *original* postings yield *final* results. Enter an item *once* and it *never* has to be recopied.

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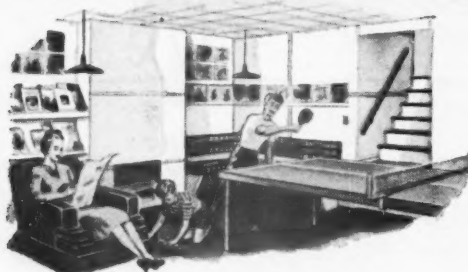
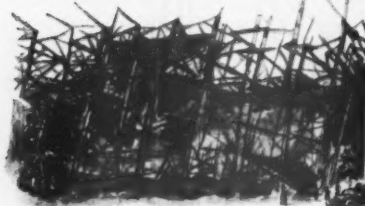
Made only by Felt & Tarrant Manufacturing Co., Chicago, and sold exclusively by its Comptometer Division, 1733 N. Paulina St., Chicago 22, Illinois

How much do you know about *Asbestos*?



To speed World War II's mushrooming construction, K&M developed a low-cost asbestos-cement board called Apac. Millions of square feet were used inside and outside for cantonments and industrial buildings.

1945—Fire and hurricane ripped into a Navy hangar at Richmond, Fla. Though the rest of the hangar was completely destroyed, only slight damage was done to the doors built of K&M "Century" Apac asbestos-cement board!



Today, many families are turning basements into attractive rumpus rooms—by lining the walls and ceilings with Apac board.

An extra room for your house? Look to your basement—walls and a ceiling of K&M "Century" Apac asbestos-cement board will provide a quick, inexpensive solution to the problem.

Unfinished attic? Line it with Apac board, furnish it to suit your needs, and enjoy an additional bedroom or two.

Or what about a hen house . . . a barn . . . some phase of industrial construction? If your problem is one of these, it's a good bet you'll find an ideal answer in "Century" Apac for Apac is highly adaptable to almost any flat surface requirement.

Apac is resistant to fire, weather, rodents, termites and decay. Easy to work and apply, never needs painting. The cost is also low. Write us for full information.

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KEASBEY & MATTISON
COMPANY • AMBLER • PENNSYLVANIA
IN CANADA—ATLAS ASBESTOS CO., LTD. • MONTREAL, TORONTO, WINNIPEG and VANCOUVER

BUSINESS BRIEFS

NEW PASSENGER CAR registrations seem to have set a postwar record in August. Preliminary figures show 360,000 autos hit the roads. Prewar high, in May, 1941, was 514,478.

RADIO AND TELEVISION PRICES are being upped this month by Westinghouse.

ANTITRUST DRIVE continued this week (BW—Sep. 25'48, p19) as Justice Dept. (1) asked for a court order breaking up Aluminum Co. of America (the 1945 ruling that Alcoa was a monopoly prewar was not made effective pending disposal of war plants, and now Alcoa argues there's no longer any monopoly); (2) subpoenaed records of du Pont, General Motors, U. S. Rubber, Ethyl Corp., North American Aviation, Kinetic Chemicals, Bendix Aviation, and Remington Arms to see whether stock transactions among them were illegal.

BRAKE LINING MANUFACTURERS will probably form a new trade association to replace the one dissolved last week, with fines totaling \$152,000, on untested charges of price-fixing.

STEEL FROM EUROPE is showing up on the U. S. grey market as far west as Cleveland, offered at \$200 a ton for plate. It appears to be Belgian steel, which previously has been moving from U. S. ports to South America at \$300 or more. It may all be legal enough—but government hawkshaws keep an eye on transactions to see whether any exported U. S. steel is coming back.

REPUBLIC STEEL has completed conversion of a second blast furnace at Youngstown to use high-pressure air. This raises the furnace's capacity 225 tons a day.

RAILROADS have asked ICC for freight rate increases of 8% on most commodities. Pending applications for increases on coal and iron ore will be upped to correspond.

PHILCO GOT NOWHERE in its court attack on A.T.&T.'s refusal to handle traffic for television station WPTZ (BW—Sep. 25'48, p28). It's a problem for FCC, the court said.

BEATING THE DRUM for aged whisky, of which it has ample stocks (BW—Sep. 25'48, p50), Schenley has formed a new sales subsidiary to handle its top brands. It's called Straight Whisky Distilling Co. of America.

TRAILER COACH PRICES have been cut by \$100-\$300 by Palace Corp. of Flint, Mich. Company credits the reduction to auto-type mass production methods, including die-stamping of bodies.

Einson-Freeman moved a "Mountain"



*...and Trucks
moved faster!*

**IF YOU THINK YOU'VE
GOT A TOUGH SHIPPING PROBLEM
... LISTEN TO THIS ONE!**

PROBLEM: Einson-Freeman, lithographers, acquired a former war plant in Fairlawn, N. J. Two things stood in the way of efficient freight handling. Only one loading dock, and an obstructing hill-top homesite.

PROCEDURE: Which would cost less: to suffer cramped shipping quarters—or to move a "mountain"? Cost studies gave the answer. The "mountain" was moved!

RESULT: Decreased waiting time. Fewer man-hours lost. Decreased handling costs. Decreased customer complaints. Increased trucking efficiency. Increased production.

Even if you had to move a "mountain" to modernize your truck shipping facilities, it would pay. But—extending your loading dock a few feet might do it. Or cutting through a brick wall.

The cost of such a job is slight. The profits are big. All it needs is a little imagination . . . a little study . . . and somebody to say "Go."

Why don't you start by calling in your traffic manager and by consulting your architect?



THE AMERICAN TRUCKING INDUSTRY

AMERICAN TRUCKING ASSOCIATIONS, WASHINGTON 6, D. C.

GOODS CAN'T MOVE FASTER THAN THEY'RE LOADED!

When Steam Goes On in Minneapolis this Month

Steam goes on this month under Webster Moderator Control in the new Home Office Building of North American Life and Casualty Co.

Growth through service, which for 52 years has been the basis for North American's expansion and progress, was also the basis for the selection of the mechanical equipment in this modern building.



New Home Office Building, North American Life and Casualty Company, Minneapolis, Minn. Architects—Lang and Raugland; Associate Architects—Johnson and Backstrom; General Contractors—Pearson Brothers; Heating Contractor—F. S. Lamson Company.

The Webster Electronic Moderator System was chosen to achieve this objective because of (1) demonstrated ability to provide comfortable, even temperatures in all sections of a building, (2) instant response to every change in outdoor weather conditions and (3) effective coordination with air conditioning.

Cooperation of the Webster Minneapolis Representative with the architect and heating contractor was an important factor in this outstanding heating installation.

The equipment and service that produced these results for North American Life and Casualty Company are available now to help you to obtain similar results in your modern building.

Address Dept. BW-10

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WEBSTER
MODERATOR
SYSTEM
OF STEAM HEATING
"Controlled by the weather"

PICTURE REPORT

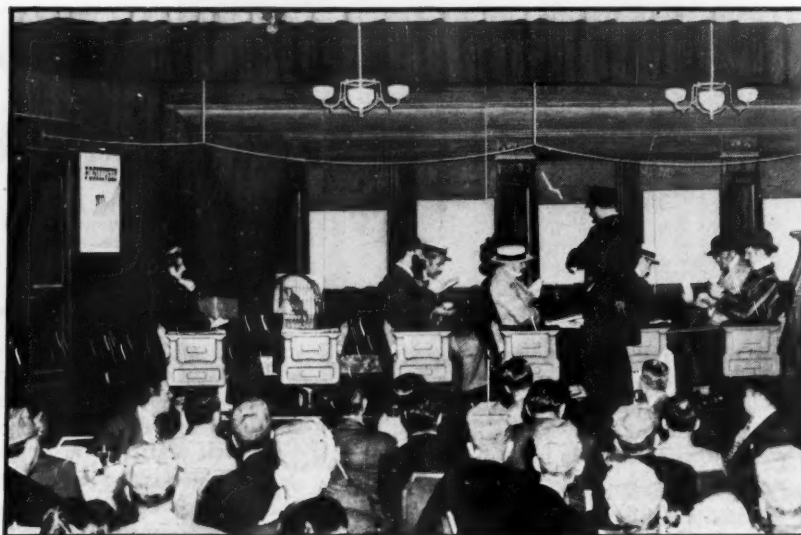


R. R. Honors Its Veteran Commuters . . .

The long-suffering commuter had his heyday in San Francisco last week. At a luncheon given by the "friendly Southern Pacific," 88 commuters, who had traveled on S.P. trains for 30 years or more, heard the railroad itself poke fun at its service.

S.P. gave an engineer's cap to each of its commuter-guests. And the two long-

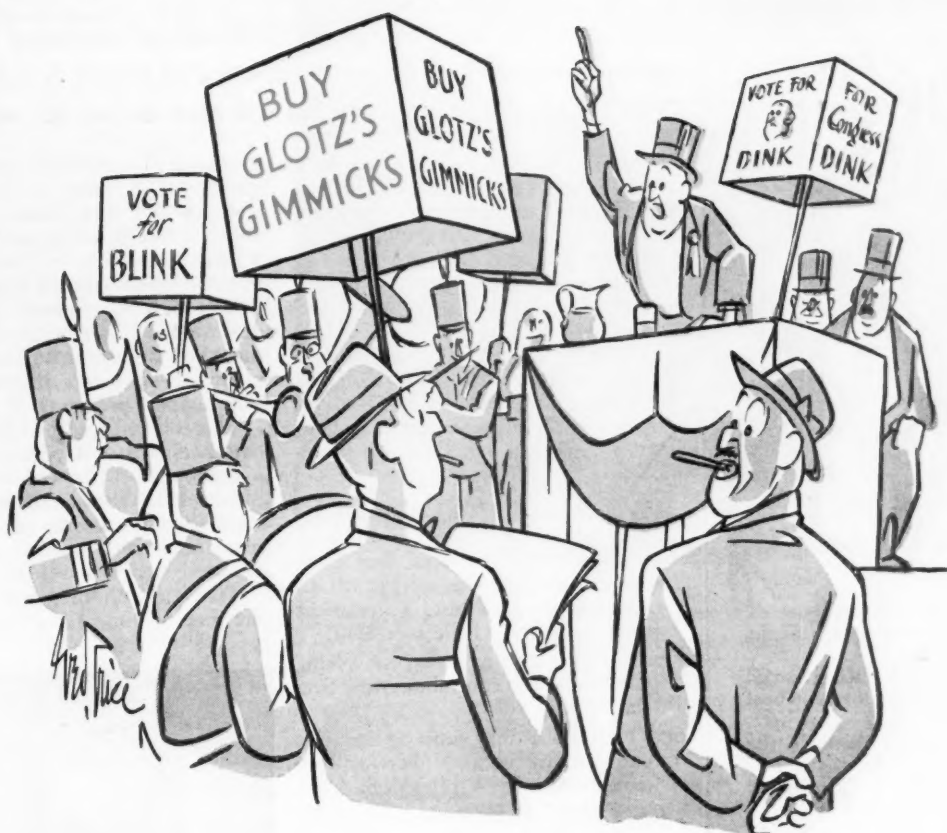
est-time riders received electric clocks from railroad executives (picture, above). Left to right are Milton B. Roller, an S.P. commuter for 49 years; Walter S. Martin, a veteran of 50 years; Claude E. Peterson, S.P. vice-president in charge of passenger traffic; and (seated) Fred Q. Tredway, general advertising manager, who thought up the party.




. . . And Pokes Fun at Its Own Service


The Southern Pacific employees' dramatic club staged a skit for luncheon guests in a set simulating a commuter coach of 1898 vintage. It had all the well-known annoyances: windows that wouldn't open, doors that wouldn't

close, and a conductor who called stations in a foreign language and kibitzed the commuters' card games. The commuters loved the show. And Southern Pacific thinks its party was a master stroke in commuter relations.

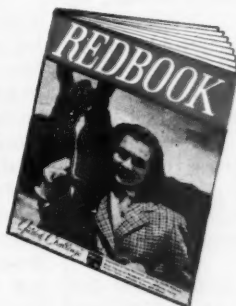


*And this quadrennial clambake will sear our name
into the public mind till 1952, eh, Judson?*

 **Judson:** Well, they remember the winning candidates at least four years—

Chairman: But, Judson, don't  you understand that an advertiser has to let 'em have it month-in-and-month-out to be re-elected.

What we want is a vote for us every day in the year, and you can't get that steady demand for our dealers without telling our story to a lot of people regularly.



All right, so our budget won't buy 5 million circulation regularly. But we do have a budget that allows us to lay it on the line to nearly 2,000,000 REDBOOK families, every month in the year for \$52,800.

So why don't we stop kidding around, and send a 12-page order to REDBOOK.

Let's buy one of those REDBOOK landslides!

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OF COMFORT

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Ever stop to think what's back of the fire in an oil burner?

Air—and plenty of it—being forced under pressure by a blower wheel past a nozzle.

On this air supply depends the amount of heat developed, the fuel consumption rate, quietness of operation.

In oil burner use, Torrington Vairified® Air Impellers have a remarkable record for increasing efficiency, decreasing noise.

Why? Because Vairified Air Impellers are precision made for moving air properly. Their design and engineering result from years of air impeller research in relation to the laws of aerodynamics.

Vairified Air Impellers are a recognizable standard of quality and performance in any type of heating, cooling or ventilating equipment. Whether you are a manufacturer, dealer, or purchaser of such equipment, you will benefit from their use. Sales Engineers in all principal cities.



THE
TORRINGTON
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New Export Market for Cotton

Army plans to set up \$150-million revolving fund from which Germany and Japan can borrow to buy U. S. textile fibers. Their exports of finished textiles will earn dollars for repayment.

The U. S. raw-cotton trade may get a new prop under prices soon. Occupation officials in Washington this week are quietly developing a plan through which Japan and western Germany may get as much as \$150-million of new capital to spend on U. S. textile fibers—mostly cotton.

• **How it Will Work**—The plan was authorized under a law passed by Congress last June. The scheme isn't official yet—there are still too many rough spots to be ironed out. But here's how it's scheduled to work:

THE ARMY "borrows" up to \$150-million from the Treasury Dept. In return, it gives the Treasury notes; they carry interest equal to the average for all outstanding marketable government issues (currently a little over 2%).

THE MONEY is used to set up a revolving fund, under the control of Army Secretary Royall.

OCCUPIED AREAS may draw against this fund to buy natural fibers—cotton, wool, mohair, flax—in the U. S.

THESE FIBERS will be processed into finished products by the German and Japanese textile industries; the textiles will be used in the countries themselves and for export—to both hard- and soft-currency areas.

REPAYMENT is to be made from the proceeds of exports to hard-currency areas. If the textiles can't be sold for hard cash, they'll be bartered against raw materials for which dollars otherwise would have to be spent.

This method of revitalizing the German and Japanese textile industries is not new. But it's bigger than anything that has gone before. And the Army thinks it's the first plan that promises a continued adequate supply of cotton for the occupied areas. Ever since the occupation first started, the Army has had to beg, borrow, and squabble for the cotton Germany and Japan had to have.

• **The Army's Job**—The first job was to get the mills started—just to supply desperately needed items such as clothing, gauze, sewing thread, agricultural bags, and absorbent cotton. After that, the mills had to be kept going, on regular textile programs. As one program neared its end, occupation officials had to begin worrying about how to scrape up raw material for the next.

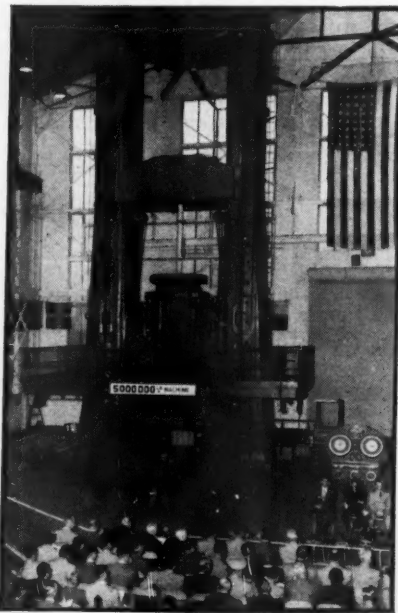
The Army couldn't afford to let the pipeline break and force an industry

shutdown. To Germany and Japan, cotton meant (1) jobs, (2) at least some clothing, and (3) a chance to export so as to get foreign exchange.

• **First Plan**—Early in 1946 the Army—in conjunction with the State Dept. and RFC's U. S. Commercial Co.—made a deal whereby Commodity Credit Corp. furnished raw cotton to Japan and Germany out of stocks it amassed under price-support programs.

This was financed by CCC on a self-liquidating basis. Germany and Japan sold about 60% (by weight) of the finished textiles abroad, retaining the rest for their domestic economies. CCC was repaid out of a portion of the stuff exported.

That kind of thing was repeated to the tune of some 1.2-million bales, val-



Big Squeeze

Tough—but, oh, so gentle—is this new testing machine, unveiled at the Philadelphia Navy base last week. The testing giant, said to be the largest of its kind in the world, can crush or pull with a force of from 5 lb. to 5-million lb. Baldwin Locomotive Works produced the 350-ton machine for the Navy at a reported cost of \$340,000. It is designed to aid in testing aircraft structural components for both the Navy and the Air Force. Private manufacturers can also use the tester—if they're working on government contracts.

ued at more than \$200-million. But by the middle of 1947, CCC was cleaned out.

• **Banks Step In**—Meanwhile, Army negotiations with the Export-Import Bank had resulted in \$19-million of financing for Germany—enough to buy about 100,000 bales. But dickering for Japan moved so slowly that a shutdown of Japanese mills threatened. So last January the Army's Quartermaster Corps used \$10-million of Japan's export credits to buy 50,000 bales in the U. S. market.

Last June the Ex-Im Bank deal for Japan came through. It provided for a \$60-million revolving credit. The bank advanced \$29-million of this total; the remainder came from four commercial banks with branches in Tokyo—Chase, National City, Bank of America, and J. Henry Schroder. Boeki Cho—the Japanese Board of trade—has already come into the U. S. market for a total of about 100,000 bales financed by this credit.

• **Advantage**—The new plan has one big advantage over the old ones—Germany and Japan can sell the textiles anywhere in the world, for soft currencies as well as hard.

The biggest drawback in the CCC operation, for instance, was the dual requirement that (1) the exported textiles had to be sold for dollars, yet (2) they couldn't be sold in the United States. This worked fine as long as countries in Latin America, the Far East, and Africa had dollars to pay. But, starting about a year ago when the British suspended the convertibility of sterling, finished goods began to pile up.

• **Problems**—One of the Army's biggest problems under the new setup will be to see that enough textiles are sold for hard currencies (or by barter deals) to service the interest on the notes and to pay them off as they come due. In other words, it must see to it that the Japanese and Germans plan their markets so the new operation doesn't bog down in soft currencies.

There are many other problems: to set up an accounting system that will comply with the new law; to get the right people to help supervise the job; to keep the new revolving fund from getting tangled up with other buying programs, such as those of the Ex-Im Bank, ECA, and the occupied areas' own import schedules; to placate American textile makers as the Japanese and Germans start to cut in on export markets.

• **Other Fibers**—When Congress passed the enabling act, cotton wasn't the only fiber on its mind. It also wanted to help CCC get rid of 120-million lb. of raw wool, 16-million lb. of flax, and 1.5-million lb. of mohair accumulated under price-support programs. But things probably won't work out that way. Take wool, for instance:

The wool that CCC holds is a coarser



"The Electronic Memory wire recorder remembers everything that is said . . . the way it is said!"

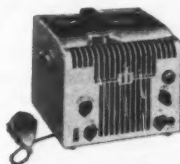
There are no mistakes or misunderstandings when our meetings and conferences are wire-recorded on the Webster-Chicago *Electronic Memory Wire Recorder*. We can play the recordings back whenever and as often as necessary to review decisions that were made and every man is sure of his instructions. We get more done in less time."

*Electronic Memory Wire Recorder (Model 80 illustrated above) is a valuable aid to busy people in any business or profession. Verbal records, important messages, sales training, inventories, meetings, interviews, case histories, speeches, sermons, classroom studies are more accurate and permanent when recorded on the Webster-Chicago popular *Electronic Memory* portable Wire Recorder.*

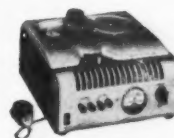
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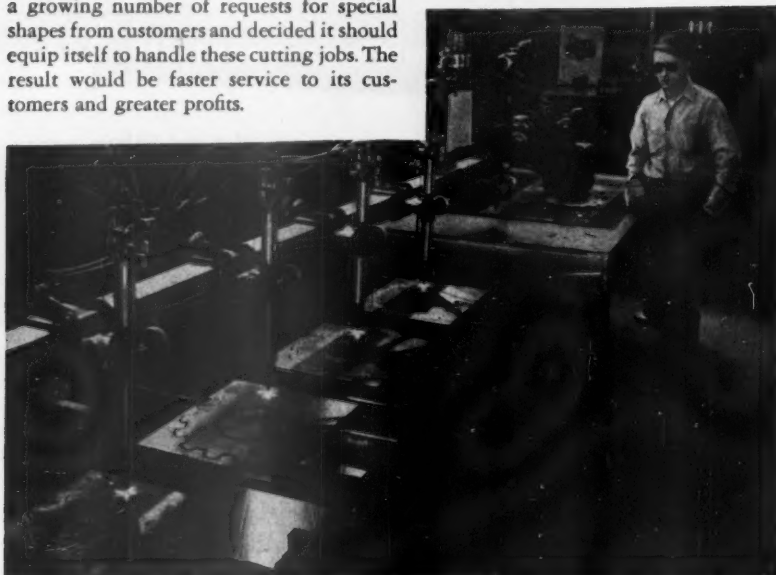
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Steel warehouse finds machine gas cutting helps fill special orders ...faster—at less cost

BRACE-MUELLER-HUNTLEY, INC., steel distributors in Syracuse, N. Y., noted a growing number of requests for special shapes from customers and decided it should equip itself to handle these cutting jobs. The result would be faster service to its customers and greater profits.



William Burkhardt, Airco Representative, was called in and he recommended machine gas cutting with an Airco No. 6B Oxygraph equipped with a four torch setup and an electronic tracing device.

The apparatus was quickly installed and put into operation. One-day service

was offered to customers requiring intricate as well as ordinary shapes.

Company executives stated that the Oxygraph with the electronic tracing device enabled them to make additional profits and also to handle a wide variety of cutting jobs quickly and easily.

TECHNICAL SALES SERVICE — ANOTHER AIRCO PLUS-VALUE FOR CUSTOMERS

To assure its customers of high efficiency in all applications of the oxyacetylene flame or electric arc, Air Reduction makes available the broad, practical experience of its nationwide Technical Sales Division personnel. The collective experience and knowledge of these specialists has helped thousands to a more effective use of Airco processes and products. Ask about this Airco "Plus-Value" service today. Write your nearest Airco office. In Texas: Magnolia Airco Gas Products Company . . . On West Coast: Air Reduction Pacific Company.



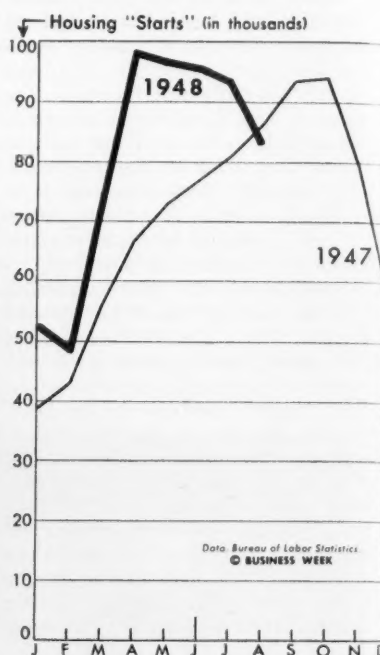
AIR REDUCTION

Offices in All Principal Cities

Headquarters for Oxygen, Acetylene and Other Gases . . . Carbide . . . Gas Welding and Cutting Machines, Apparatus and Supplies . . . Arc Welders, Electrodes and Accessories

type than that used by most U. S. cloth mills. Congress figured the Japanese and Germans might take it over to make badly needed clothing for local consumption. That would have bailed out CCC nicely.

But textile experts at Army and Agriculture say that, if Germany and Japan spend any precious dollars for wool, they'll buy the finer grades, which can be turned into exportable cloth.



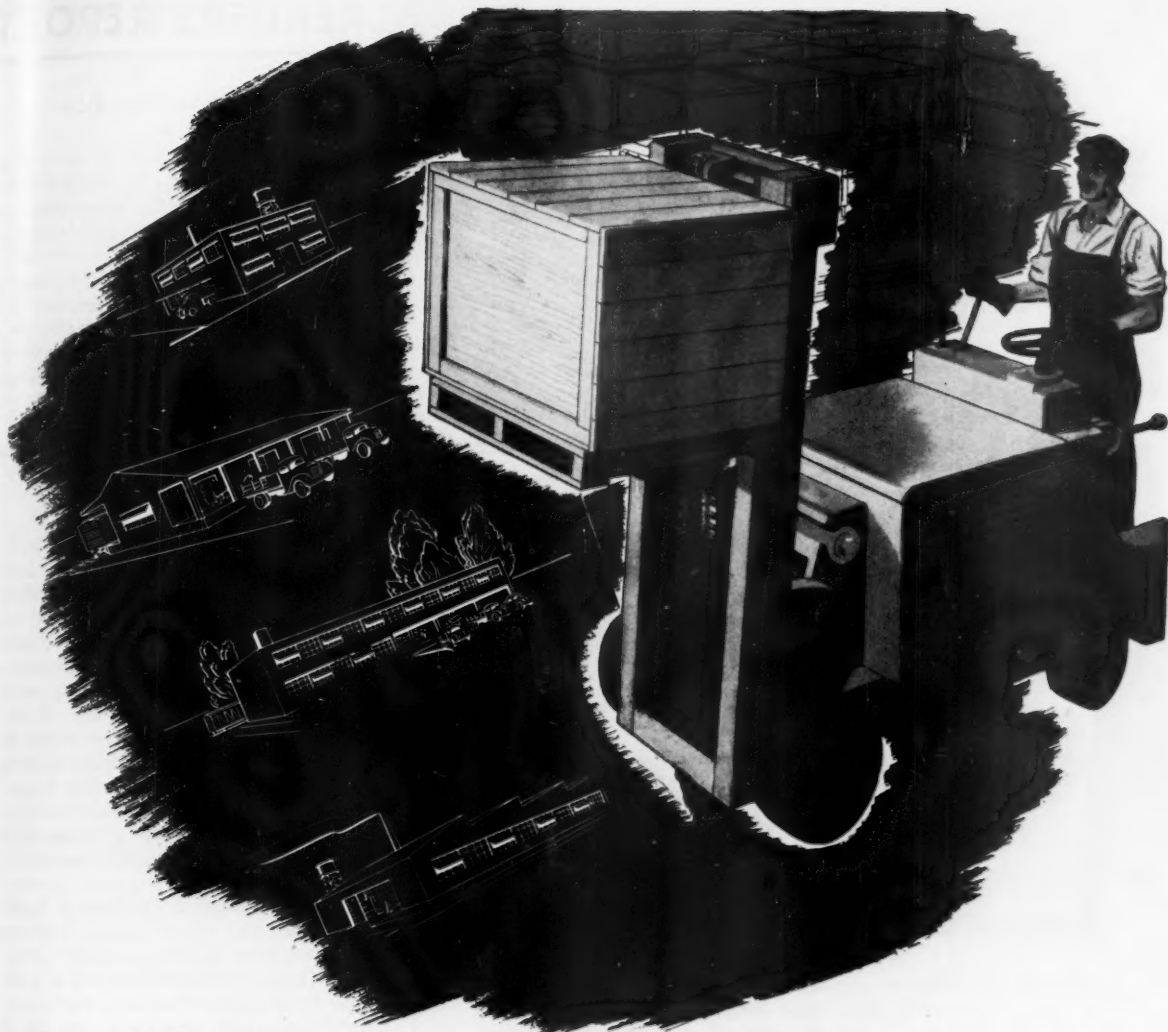
New Seasonal Pattern For Building Boom

The dip in homebuilding "starts" to 83,000 units in August (chart) revived whispers that the boom in homebuilding is behind us. But there are gaps in that logic:

Weather and prices last year slowed new dwelling construction early in the season; this delayed the year's peak for starts until October—abnormally late. This year the weather was favorable—and people were tired of waiting for lower prices. So the peak for starts came early: 98,800 in April.

Materials and manpower place a limit on how many houses can be started—and finished. Thus, a high early figure for starts bumps into scarcities later on.

Work in place. The emphasis now is on finishing houses already started. This year the value of residential construction has run far ahead of last. And, although the number of starts has been tapering off since April, value of work put in place has gone right on rising: from \$525-million in April to \$690-million in August.



SMALL BUSINESS, TOO, CAN PROFIT FROM

Electric **INDUSTRIAL TRUCKS**

POSSIBLY you've supposed that your plant or warehouse lacks the work volume necessary to justify the use of an electric industrial truck. You may, then, be astonished to find, on analysis, that not only have you *more* than enough but that you've already paid for *several* trucks in needless handling expense.

ACTUALLY, a battery-powered truck can make such huge savings in comparison with manual handling that it need not be busy continuously to show a profit. *In many instances, a truck having no more than an hour's work per day can pay for itself in less than a year—or in about a month and a half if kept busy all day.*

TOO, there is the great versatility of this self-loading truck—its ability to per-

form moving and tying operations many of which are beyond the limits of manual handling. For instance, high-stacking to save floor space, manipulating heavy and cumbersome machine parts, die-changing, charging hot furnaces, and countless other examples.

OTHERS in small business have found that an electric industrial truck demonstrates its wide usefulness and rock-bottom operating cost so quickly that the initial "one hour per day" soon grows, as does the production—and profits—of its owner.

YOU will find many suggestions for substantial savings in the **MATERIAL HANDLING HANDBOOK** and in **UNIT LOADS**—free on request.



THE ELECTRIC INDUSTRIAL TRUCK ASSOCIATION

29-28G Forty-first Avenue, Queens Plaza, Long Island City 1, N. Y.



"New look" transforms one of the world's oldest industries

When King Ur Nammu was Mr. Big in Ur of the Chaldees, some 5,000 years ago, dates had been long established as a staple article of diet. We know little of date culture in that distant time, but it could have had small resemblance to the streamlined version now practiced in southern California—And that's where "SCOTCH" Tape comes in. It rains occasionally in the California date country. Rain is bad for clusters of ripening dates, so an "umbrella" is fashioned of waterproof paper and fastened to the stem above the bunch with "SCOTCH" Wetordry Tape No. 200. Unless rain impends the bags are tucked up, as the moisture of the irrigation water trapped under the bag and the heat of the sun could combine to ruin the dates.

You probably do not grow dates, but in your business there may be some operation that could be streamlined and made more productive by one of the more than a hundred varieties of "SCOTCH" Tape. A "SCOTCH" Tape field engineer will be glad to check into the matter with you without obligation. Why not take advantage of this service now? All you need do is write us and say, 'Send a "SCOTCH" Tape field engineer.'



SCOTCH Wetordry TAPE NO. 200

ANOTHER  PRODUCT

made in U.S.A. by MINNESOTA MINING & MFG. CO. St. Paul, Minn.

General Export: DUREX ABRASIVES CORP., 63 Wall St., New York 5, N. Y.
In Canada: CANADIAN DUREX ABRASIVES LTD., Brantford, Ontario

READERS REPORT

Judgment, Not Prejudice

Sirs:

Very much surprised in the attitude of your magazine in Washington Outlook. I was under the impression that your magazine was a business one—not a political magazine . . .

Your prejudice and assumption regarding Mr. Dewey is farfetched. I do not think it is your prerogative to assume that Dewey will be elected. For your future information, I think that when all the votes are counted Mr. Truman will be elected.

W. B. ROBERTS

PRESIDENT,
W. B. ROBERTS, INC.,
CORPUS CHRISTI, TEX.

• It is our judgment that Dewey will be elected in November—and that business reporting, and business decisions, must take this into consideration. We do not feel that we have been prejudiced, though our effort to print things as they are—whether you or we like them or not—may at times fail to make clear that we were not merely predicting a political outcome. When we write "A Dewey Administration," or "A Dewey Congress," we are laying down as best we can what we feel is the realistic situation.

Our Washington Outlook of Sept. 18 expressed our views clearly. Explaining that we were starting a regular series on the Outlook from Albany as a part of the Washington Outlook, we said:

"We aren't predicting, in all this, that Dewey will win. But every sign points that way. And the role of the Washington Outlook is to size up things as they are—and as they most likely are going to be.

"That means that Washington judgments this fall, in part at least, must be formed with knowledge of how the Dewey team sees things."

A Life Subscription Expires

Sirs:

The BUSINESS WEEK life subscription of Mr. C. C. Hunt, 2004 Park Avenue, Cedar Rapids, Iowa, expired July 24 of this year.

For me (his son) this is of more than ordinary importance, but no doubt it is also of some concern to you since this is a subscription that you cannot renew and in the past you have refused to extend.

I cannot remember accurately the inception of the contract except that it was before 1910 (perhaps 1908). For the consideration of \$10, my father was to receive System—The Magazine of Business for life. Though System

evolved into BUSINESS WEEK, my father has indeed received a life subscription—nearly 40 years.

Shortly after Father began his life subscription you inadvertently solicited him for a life subscription the second time, whereupon he sent a check for the second \$10 with the request that you apply the subscription when his present subscription (life) should expire, provided, however, that you could guarantee delivery of the second subscription. As I mentioned earlier, you declined to extend the subscription and returned the remittance with thanks and expressed the hope that he might find journals even better than System when his life subscription terminated.

Just as delivery of a second life subscription is difficult, so is notification by a life subscriber when subscriptions have expired. My father would have done three things if he were able:

- (1) He would notify you promptly that the subscription was terminated;
- (2) He would congratulate you for filling a long contract so well; and
- (3) He would enjoy writing a letter such as this, but would do it better.

GEORGE A. HUNT

SYRACUSE, N. Y.

• System—the Magazine of Business was purchased by McGraw-Hill Publishing Co. in 1928, was combined into BUSINESS WEEK when this magazine was founded in 1929. BUSINESS WEEK has never sold life subscriptions, but has, of course, honored the few it inherited from System.

A Jackson Booster

Sirs:

Your article on Jackson, Miss. [BW—Sep. 4 '48, p. 34] was excellent, but incomplete without mention of Knox Glass and Jackson's able, dynamic, and tireless Chester Underwood.

One of the first to see Jackson's natural advantages, he doubled, tripled, and redoubled Knox Glass production facilities in Jackson and as a past president of the Chamber of Commerce gave freely of his time in selling the advantages of Jackson to other industrialists.

It was on land that the Flowood Corp., headed by Chester Underwood, reclaimed from the swamps of Pearl River that the beautiful Fitch plant in your article was built.

JAMES B. KELLER

JAMES B. KELLER CO.,
HOUSTON, TEXAS

• We agree that Mr. Underwood deserves a share of the credit for Jackson's growth. Along with him there are others, such as Walter Johnson, former president of the Daily News, and many a manufacturer. Space permitted mention of only a few.



No Insurance Program Designed
to Protect and Conserve Assets
is Complete Without Credit Insurance.

WHY MORE BANKS ARE RECOMMENDING CREDIT INSURANCE TO PROTECT BUSINESS PROFITS!

An increasing number of banks are advising manufacturers and wholesalers to carry American Credit Insurance because their accounts receivable are extremely important assets . . . need protection at ALL times . . . but especially NOW with the slowing down of payments and with business failures climbing.

American Credit insures your business against unforeseeable events that can turn good credit risks into bad debt losses. That's why manufacturers and wholesalers throughout the country . . . in over 150 lines of business . . . now have

American Credit policies which
GUARANTEE PAYMENT OF ACCOUNTS
RECEIVABLE.

In addition to paying you in the event of customer failure, your American Credit policy also enables you to get cash for long past due accounts. You can insure one, a selected group, or all accounts

If your accounts receivable are *not* protected, your insurance coverage is *incomplete*. For information, phone American Credit office in your city, or write the American Credit Indemnity Company of New York, Dept. 42, Baltimore 2, Md.

J. T. Fadden
PRESIDENT



American Credit Insurance

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OFFICES IN PRINCIPAL CITIES OF UNITED STATES AND CANADA

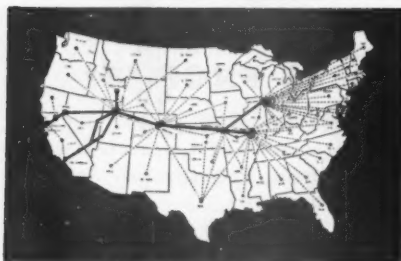
**IN A HURRY FOR
PACIFIC COAST
PRODUCTS or
MATERIALS?**



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DELIVERY
AT LOW COST**

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your eastbound freight via
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*"Save time and money
the dependable P.I.E. way!"*

Fastest-by-land between San Francisco or Los Angeles and Chicago or St. Louis...with comparable speed to all intermediate and points beyond P.I.E.

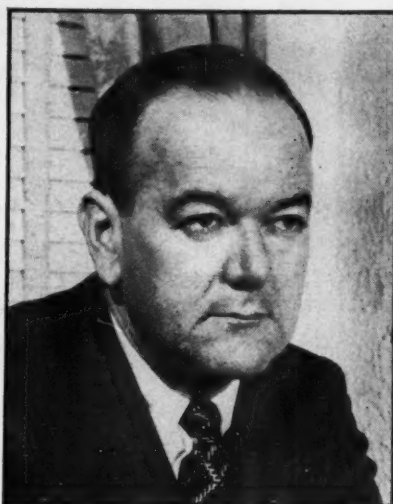
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AVIATION



AMERICAN'S CHAIRMAN C. R. Smith



UNITED'S PRESIDENT W. A. Patterson

Battling over Airline Fares

What started out a few weeks ago as a boost in plane fares has turned into a rate-cutting fight among the big carriers. Latest device: air commutation tickets that eliminate 15% tax.

Air-minded business executives a few weeks ago faced a 10% boost in the cost of plane travel. But it hasn't turned out that way. Keen competition among big airlines has turned the boost into a rate war—and fares are just about back to the original level.

• **Tax Saving**—The most recent move to lower the cost of air travel doesn't cost the airlines a cent; all of the saving to the traveler comes out of Uncle Sam's pocket. It's commutation fares. American and United announced them last week; TWA, this week; Eastern will probably go along soon. But credit for the idea goes to little Mid-Continent Airlines, of Kansas City.

Here's how it works: A passenger who travels the same route fairly often buys a book containing four, six, or eight tickets, depending on the airline. The books are good for 30 days only. Mid-Continent got an official ruling from the Treasury Dept. that this constituted a bona fide commuter's book—and thus was not subject to the usual 15% transportation tax.

On American and United, total saving is actually 20%, because the lines also allow their regular 5% round-trip discount. Mid-Continent does not give the round-trip discount on the books; instead, it gives a commuter's discount of about 6%. So the total saving it offers comes to some 21%.

• **Meeting**—The chaotic fare situation got its start about six weeks ago. The

Civil Aeronautics Board got together with top officials of 16 major airlines. After this meeting, CAB announced that the industry's economic situation not only justified, but "required" a 10% boost in passenger fares. It suggested that such a boost be made at once.

• **Dissent**—CAB said it "had every reason to believe" the airlines would adopt its proposal. But C. R. Smith, American's board chairman, asserted that a majority of the 16 at the meeting had opposed an increase. He said his company would raise fares on its smaller, slower planes 10%, from 5.6¢ a mi. to 6.1¢, as suggested by CAB. But American departed from CAB's formula, abolished the 10% premium on DC-6 flights, putting all fares on the same level.

In the meantime, United had adopted the CAB suggestion in full, including the higher fare on DC-6 flights. To take out some of the sting, it offered 5% round-trip discounts. But American was still cheaper on the DC-6. So American began advertising that it alone among the transcontinental carriers offered DC-6 service at no boost.

• **Addled Ad**—United soon gave up the struggle, and abolished extra fares. That, it thought, gave it the edge on American, because of its 5% round-trip discount. So it ran newspaper ads on Monday, Sept. 20, signed by its president, W. A. Patterson, announcing that it now had the lowest round-trip trans-

continental DC-6 fares. (That would have been true Monday midnight, when United's revocation of the DC-6 premium went into effect.) American had applied to CAB for permission to give a 5% round-trip discount, but United didn't think an O.K. would come through until Thursday or Friday.

Events moved too fast for United's ad writers. CAB acted quickly on American's application, O.K.'d it effective Monday midnight. So United was never any cheaper than American.

• **Other Lines**—Meanwhile, TWA adopted CAB's recommendations in full, including the premium flights (it operates Constellations, not DC-6s), and started giving a 5% round-trip discount. Northwest Airlines, the fourth transcontinental carrier, lifted its fares to the 6.1¢ level and adopted the 5% discount. (Since it has neither Connies nor DC-6s, it had no surcharge problem.)

Eastern Air Lines, the remaining member of the Big Five, had planned to boost all fares 10% (including its premium Connies), and to offer the 5% discount. But last week its president, Eddie Rickenbacker, said the confusion that had developed "made it inadvisable to take any action." So Eastern is sitting tight—which means that its fares on nonpremium planes are still 5.6¢ a mile, lower than the other four.

Several of the smaller carriers have declined to boost fares at all. This group includes National, Delta, Braniff, and Chicago & Southern.

• **Critical Factor**—There are two reasons why most of the carriers have, in whole or in part, turned down the fare boost. One is competition. The other is that many airline executives are convinced that higher fares are not a solution to their financial problem—might, in fact, make it worse. The critical thing, these men say, is the load factor—the percentage of seats occupied on scheduled flights.

A plane costs pretty much the same to operate whether it carries one passenger, or 21, or 51. Many flights recently have been taking off less than half full. That's the reason for commuter books and several other airline fare-lowering moves in the past two weeks. Among them:

American has started a "family-fare plan." Under it, a man who buys a regular-fare ticket on Monday, Tuesday, or Wednesday (when traffic is usually light) can buy half-price tickets for his wife and for children under 21.

Northeast Airlines last week inaugurated an expanded version of the family-fare plan. Its special rates will be available Monday noon through Friday noon.

TWA will offer 20% discounts to any 10 or more persons who are traveling in a group.

4 common conditions

where ***WOLMANIZED** PRESSURE TREATED **LUMBER** protects against **DECAY** and **TERMITES**



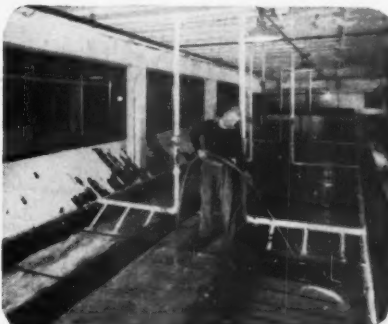
Wherever moisture is condensed in wood because of concrete or masonry contact, as with sills, sleepers, door and window bucks, wall plates and columns.



Where outdoor structures are exposed to ground moisture, rain and snow, such as stadium seats, boardwalks, loading piers, coal trestles, railroad structures.



When wood is used in or near the ground subject to attack by decay and termites, such as foundations, joists, fences, telephone poles and guard rails.



Where steam, vapor and dampness from industrial processes are prevalent, such as process moisture, refrigeration, air conditioning and humidification.

This **PROVED** Protection **COSTS LESS** Than Replacement Labor

Actual service records prove that "Wolmanized" lumber outlasts ordinary wood by as much as 3 to 5 times. That's because it is pressure-treated with special chemical salts to give lasting protection against wood-decay and termites.

And the extra cost of using Wolmanized lumber in the first place is actually less than the cost of replacement labor alone, on wood which has failed prematurely.

Here is true economy which will reduce your maintenance costs and give you sounder buildings. It offers you particular savings under conditions such as those shown above where wood is subjected to moisture and ground exposure—ideal conditions for decay and termites.

Wolmanized lumber is clean, odorless, paintable and non-corrosive to metals. Write today for full information.

Learn more about this money saving pressure-treated lumber

Get all the facts and figures on how Wolmanized pressure treated lumber resists decay and termites.

Write today for this new booklet.



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General Offices: 332 South Michigan Ave., Chicago 4, Illinois

Boston 9, Mass.

Washington 5, D. C.

Los Angeles 15, Calif.

New York 17, N. Y.

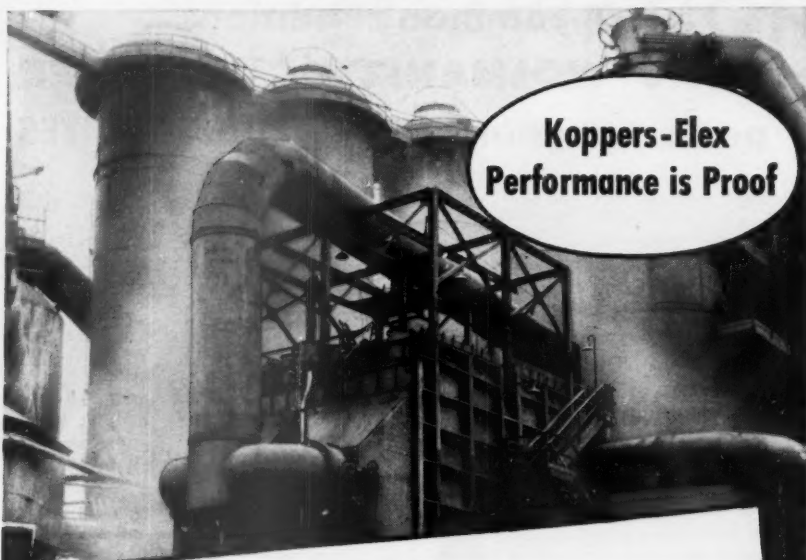
Baltimore 3, Md.

San Francisco 5, Calif.

Philadelphia 9, Pa.

Jacksonville 2, Fla.

Portland 5, Oregon



**Koppers-Elex
Performance is Proof**

Blast Furnace Gas Cleaned to Better than .001 for Midwest Steel Plant

RECENTLY Koppers installed a Koppers-Elex Electrostatic Precipitator in a large Midwestern steel plant, to clean 80,000 cubic feet of blast furnace gas per minute from .15 grain in the untreated gas to a maximum residual in the outlet gas of .015 grain. Koppers-Elex Precipitator far exceeded the specifications. Tests made by the purchaser under actual operating conditions showed the gas was cleaned to a residual considerably less than .001 grain per cubic foot.

This superior cleaning performance is typical of Koppers-Elex. Special, adjustable gas distribution through electrostatic fields, and horizontal gas flow provide greater precipitation efficiency. Insulators are protected from excessive dust deposit insuring longer life and less arc-over. Unique weir design provides continuous, uniform irrigation of collecting electrodes, insuring constant removal of precipitated materials without building up. These and many more design features

make the Koppers-Elex able to meet and guarantee *any residual content you need!*

Koppers-Elex is designed by Koppers, individually engineered for the specific problem, built entirely in our own plant, by our own workmen, installed by Koppers, guaranteed by Koppers and backed by our 110-year reputation for integrity. For full information on the Koppers-Elex for your industry, check the handy coupon below.

GUARANTEED RESULTS

to meet any requirement

PERFORMANCE PROVED

in over 900 successful installations

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ELECTROSTATIC PRECIPITATOR

KOPPERS-ELEX Precipitator Dept., 210 Scott St., Baltimore 3, Md.

Please send Operational Data Form which we can use to outline our precipitator requirements.

Name..... Company.....
Street..... City..... Zone..... State.....

Air Force Buys

Final \$96-million of fiscal-1949 procurement funds allocated. Biggest slice goes to Boeing for 650-m. p. h., six-jet bombers.

The U. S. Air Force last week earmarked the final slice of its new-plane procurement funds for fiscal 1949. The allocations total \$96-million, as follows:

Boeing Airplane Co., Wichita, Kan., will get a \$40-million order to begin production of its B-47 six-jet, swept-wing, 650-m.p.h. bomber (BW—Sep. 18 '48, p. 22). The first contract will be for 10 planes.

Northrop Aircraft, Inc., Hawthorne, Calif., will get a substantial increase in its last year's order for 10 C-125 trimotor raiders. The raider comes in three versions: an assault transport equipped for rough-field operations; an arctic rescue plane with ski-type landing gear; and a standard cargo transport.

Cessna Aircraft Co., Wichita, will come into the USAF postwar procurement program for the first time. It will get a large order for its 300-hp. Model 195 four-seater executive transport. This will be an off-the-shelf purchase of commercial models. The Army Field Forces will use them as liaison planes.

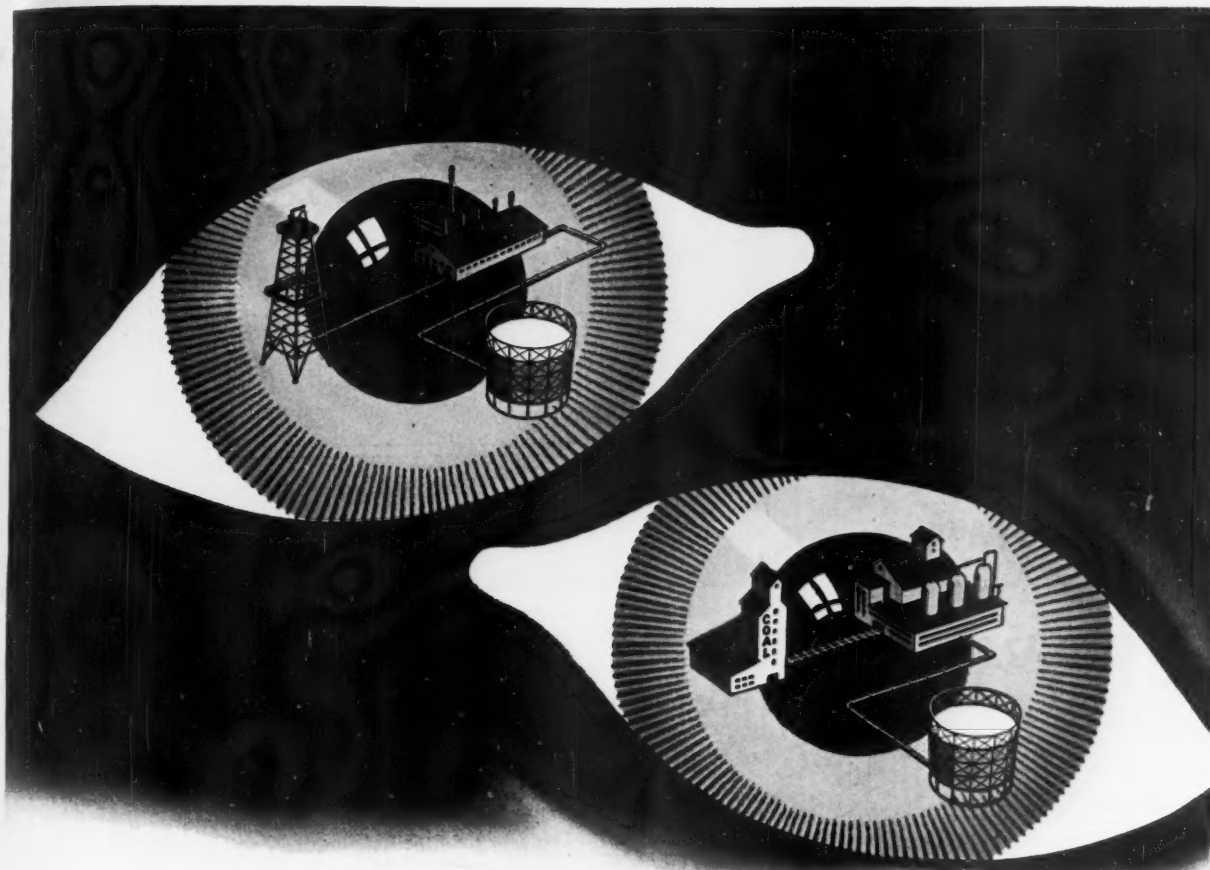
Sikorsky Division of United Aircraft Corp., East Hartford, Conn., will get an order for more H5G helicopters. This is a four-place 'copter used primarily for rescue work.

• **Big Helicopter—Kellett Corp.'s** H-10 twin-engine, 10-passenger helicopter will go into production under the new allocation. Kellett Aircraft Corp., of North Wales, Pa., built the experimental model, which successfully passed flight tests. But Kellett has been in bankruptcy, and it has not yet been determined who will get the H-10 production contract. Howard Hughes Aircraft Co., Fairchild Engine & Airplane Corp. and part of the Kellett management are battling for the business.

About \$30-million has been earmarked to buy a new twin-engine training plane, to be designated the T-29. Glenn L. Martin Co., of Baltimore, and Consolidated-Vultee Aircraft Corp., of San Diego, have been fighting for this contract, with modifications of their commercial transports. USAF has not yet decided whether it will buy the Convairliner or the Martin 2-0-2.

Increased guided-missile production will account for another \$16-million.

The Navy still has about \$100-million of its fiscal-1949 aircraft procurement funds unallocated. Where that money goes will be decided upon in the next week or two; present plans earmark most of it for Lockheed patrol planes.



America's biggest resource is invisible

The natural resource most characteristic of present-day America is not animal, vegetable or mineral. It is the ability to change a plentiful thing into an un plentiful thing. And at low cost.

Dresser Industries, for example, is in on the ground floor of changing coal into gas. Present demands for gas in this country are skyrocketing. Dresser furnishes the equipment for drilling, transporting and storing natural gas.

Always with one eye on a sale and the other on the future, Dresser Industries also furnishes the equipment needed for changing coal into gas. And, if asked to, the brains for organizing that equipment into a gasification plant.

Dresser Industries manufactures for the gas industry—pioneers in process and utilization for the gas industry—helps safeguard the source of raw materials for the gas industry. The gas industry is big.

THE ONLY COMPANY DOING AN OVER-ALL JOB—

*From well to refinery
for the Oil Industry—
From source to home appliance
for the Gas Industry*

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INDUSTRIES, INC.

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BOVAIRD & SEYFANG Mfg. Co.
Bradford, Pa.

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CLARK Bros. Co., Inc.
Olean, New York

DAY & NIGHT Mfg. Co.
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DRESSER Mfg. Division
Bradford, Pa.

DRESSER Mfg. Company, Limited
Toronto, Ont., Canada

INTERNATIONAL Derrick & Equipment Co.
Beaumont & Dallas, Texas; Torrance, Calif.;
Columbus, Marietta & Delaware, Ohio

KOSE, Inc.
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PACIFIC Pumps, Inc.
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PAYNE Furnace Co.
Beverly Hills, Calif.

ROOTS-CONNERSVILLE Blower Corp.
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SECURITY Engineering Co., Inc.
Whittier, Calif.

STACEY BROS. Gas Construction Company
Cincinnati, Ohio
Stacey-Dresser Engineering Division
Cleveland, Ohio

ANY LENGTH • ANY HEIGHT • ANY WIDTH



LOW COST

INDUSTRIAL

BUILDINGS ALL TYPES

Fabricated and Completely **INSTALLED**

\$1.50--\$2.50 Per Sq. Ft.*

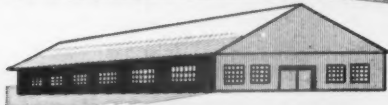
* Depending on window and door requirements

HITCH YOUR BUILDING PROGRAM TO

All-purpose



STEEL BUILDINGS

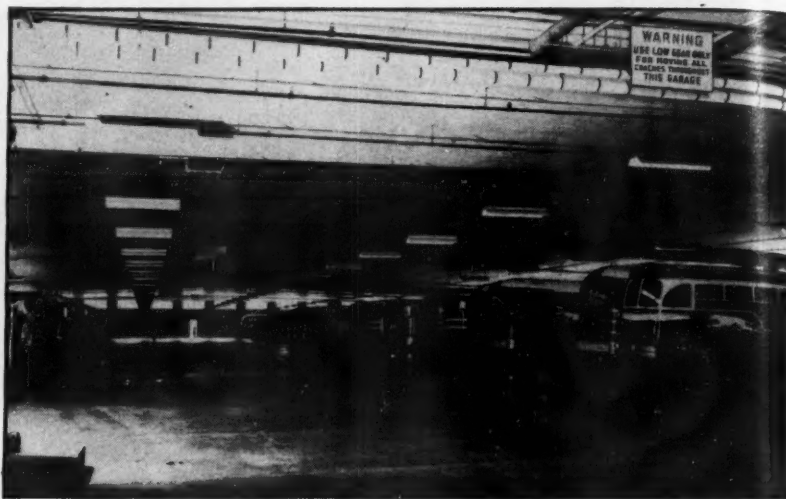


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Write TODAY for more detailed information and cost estimates.

CAMERA VISITS INDUSTRY



1 Block-long garage, Greyhound maintenance center in Detroit, covers 184,766 sq. ft., has facilities for 600 coaches. Total floor space comes to nearly 242,000 sq. ft.

Inside Bus Service Center

Keeping a fleet of more than 500 highway buses in top operating condition is a big job—one that needs a big garage to equal it. The one described on these pages was recently opened by Great Lakes Greyhound Lines in Detroit. (It also serves buses from Eastern Canadian Greyhound.)

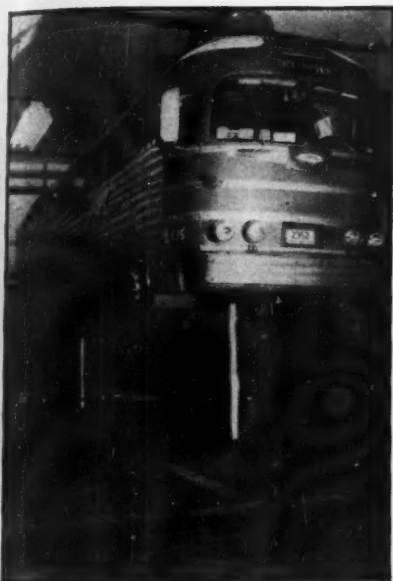
The garage was started two years ago and cost \$3-million to complete. It covers an area two blocks long and a block wide on Lafayette Boulevard.

Its facilities are as modern as its facade. A mechanic scarcely ever has to lift a heavy object; a mass of hoists, plus 1,200 ft. of overhead monorail, takes care of such details with little effort.

Including drivers, some 2,000 employees are connected with the unit—which also houses the executive and administrative staff for the operating subsidiaries of Greyhound Corp. which it serves.



2 Automatic washers remove dirt from bus in 40 seconds as it rolls through on rack. When coach approaches, an electric eye turns on sprays, sets brushes in place



3 Heavy-duty hydraulic hoist raises buses 51 in. high when repairs are needed



4 Push-button oil and gasoline pumps fuel buses at rate of 20 gal. a minute



5 More than 32 batteries can be charged here at once (TURN TO PAGE 44)

AN UNSEEN SERVICE TO INDUSTRY THROUGH WHICH EVERYONE BENEFITS

*Your
steam
heat
in
buildings
is
facilitated
by
the
discovery
of
how
to
prevent
scale
from
clogging
steam
boilers*



"Stepped into the ticket office and found the clerks wearing overcoats. No heat today; the boiler is being repaired. When corrosion eats away boiler tubes, it seems like shutdowns occur when folks need heat the most. Those building engineers would welcome information about Dearborn's Water Treatment to clear out old scale, prevent new scale and corrosion, and boiler shutdowns."

...The Traveler

MEMO: If you own an office building, hotel, or institution, Dearborn's discovery of proper chemical treatment of boiler water will prevent boiler shutdowns that disturb tenants, assure longer boiler life, and lower maintenance costs. Ask us about it.

Dearborn
TRADE MARK REGISTERED

**...the leader IN BOILER WATER
TREATMENT AND
RUST PREVENTIVES**



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OCTOBER						
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10	11	12	13	14	15	16
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31						

TODAY Is The "Day Before Christmas" for YOU!

If you want a Christmas gift for your customers and business acquaintances that's smart—unusual—and sure to be remembered—NOW is the time to order it. October is the "night before Christmas" when it comes to selecting an item that's *exactly right* for your purpose. This is your *last* opportunity to order and have your gift ready and in the mails in plenty of time for holiday delivery.

Easiest way to choose the kind of company Christmas present that will win you good will throughout the year is to follow the lead of some of the country's largest—and smartest—industrial concerns. Each year they select an item from the EXECUTIVE Line—and leave the rest to us.



These trademarks identify advertising specialties of quality, which may be used to reach just those people whom you want to remind of your firm or its products. Among the many items we make for this highly selective type of advertising are

50-YEAR DESK CALENDARS
STAINLESS STEEL RULERS
CALIPERS - LETTER OPENERS
PROTRACTORS - TAPE MEASURES
LIGHTERS - KNIVES
NOVEL PAPERWEIGHTS
CRYSTAL GLASS ASHTRAYS
BILL CLIPS - MEMO TRAYS

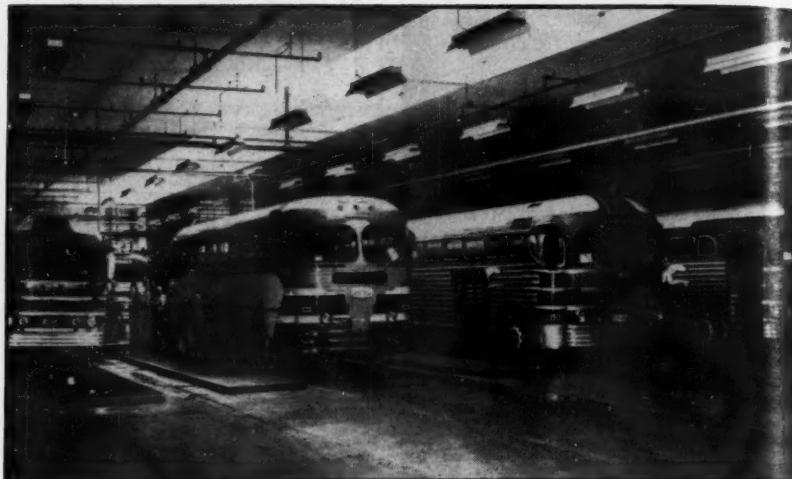
If you cannot locate a reputable Advertising Specialty firm in your vicinity who handles

The EXECUTIVE LINE,

write to

ALFRED ROBBINS ORGANIZATION, INC.

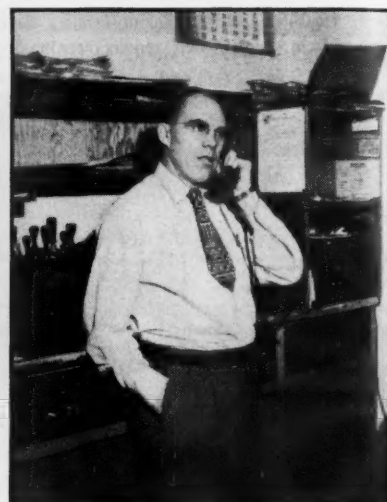
136 West 54th Street New York 19, N. Y.



6 Four lubricating pits, each 35 ft. long, are lighted by explosion-proof lights. Air is kept fresh by a ventilating fan that cuts on automatically as lights go on



7 Out-of-town drivers may sleep in air-conditioned, 34-room dormitory



8 Radio center keeps headquarters in touch with buses with two-way radios

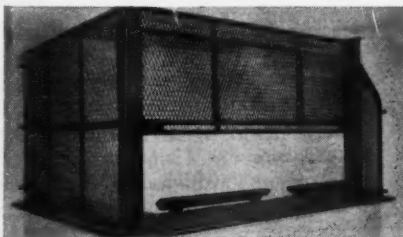


9 Tailor shop in dormitory presses uniforms and shines shoes for drivers. Other conveniences include a lounge, showers, lockers, lunch room, and sick bay

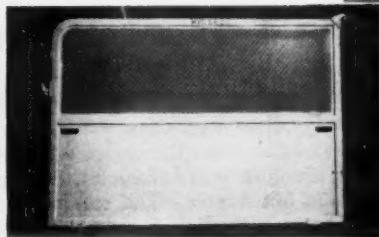


EVERY day more and more Wheeling ExM goes into more uses. Railroads, refineries, manufacturing plants and all types of industries find it ideal for long-lasting, strong overhead walks, stair treads, trestle and tower platforms, enclosures, guards, partitions, containers and many other uses. These installations are better because Wheeling ExM is stronger than sheet metal of the same weight. The "diamonds" allow light and air to enter freely and are practically self-cleaning. Write for full facts now. Many mesh sizes and weights available.

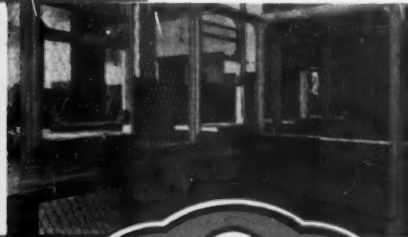
FORMS easily into all kinds of sanitary, easy-to-clean fittings.



PROTECTS against intruders, yet admits light and air.



SOLVES unusual problems, such as partitions for horse cars.



WHEELING CORRUGATING COMPANY · WHEELING · W. VA.

Atlanta · Boston · Buffalo · Chicago · Cleveland · Columbus · Detroit · Kansas City · Louisville
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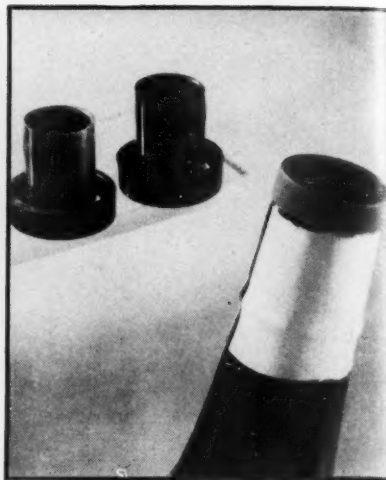
MARKETING



POWER CABLES and similar accessories are insulated and protected with polyethylene extruded tubing. Now . . .



CONSUMER GOODS that won't shatter on impact, like this flexible kitchen mixing bowl, are made of the plastic, too. And . . .



EVEN BOTTLE CAPS, like this, made for liquor bottles, are polyethylene, because it's tough, yet elastic. But . . .



PACKAGING is the really big field. Clinton Nurseries packs soil conditioners in paper bags with a polyethylene liner



EYE-GLASS CASE—a "gadget" application—is molded in one piece by Bausch & Lomb. Cover bends over case easily



DEODORANTS and toiletries come in polyethylene bottles. The flexible bottles can be "squeezed" for application

A War Baby Finds a Lot of Peacetime Uses

Polyethylene, developed for radar during war, is a plastic that is invading packaging, housewares, other markets.

One plastic material that got plenty of attention from marketing men at the plastic show in New York this week was polyethylene. The material—a war baby that did a big job for the armed services in radar—is zooming into new applications, both consumer and otherwise, so fast that its manufacturers are already expanding their plant facilities.

• **Promotion**—What it boils down to is this: Polyethylene, developed principally for its electrical qualities, is moving into

fields where its other characteristics are of more importance. The reason it is moving in with such a bang is pretty simple: Its manufacturers have gone all-out on promoting new uses.

Polyethylene is produced by two big companies: Bakelite Corp. and E. I. du Pont de Nemours & Co. Both work under a licensing agreement with Imperial Chemical Industries. Before 1943, the plastic was not even produced in commercial quantities in the U. S. The

result was that it was high-priced; toward the end of the war, it was quoted at about \$1 per lb. By 1946, total production hit close to 12-million lb. Next year it may go as high as 50-million lb. So today the price averages around 44¢ per lb.

• **Problem: Marketing**—But the main problem which polyethylene producers have had to meet has been marketing, not production. During the war, the market was assured. But both Bakelite, a unit of Union Carbide & Chemical Corp., and du Pont knew that they would have to find new outlets: There would never be enough coaxial cables



No Pepperpot!

Chances are you've heard of Pepperpot as a famous Philadelphia dish—a soup with a history going back to Colonial times. It's something of a local institution as well. Restaurants that thrive here keep it on their menus regularly.

For Philadelphians, you see, have decided preferences, and give generous support to the businesses that meet them. Because we know the city and all its characteristics so well, The Pennsylvania Company can undoubtedly help *your* business if you're operating here, in America's third largest market.

Firms of all sizes use our facilities. In addition to the small businesses we serve, two out of three of the nation's largest corporations bank with us.

To these firms—and to yours, if you choose—The Pennsylvania Company offers the complete services of one of the city's great commercial banks. Our 18 offices—more than any other local bank—are located in every part of the city and suburbs, to simplify payroll routines and every phase of your banking business. Our

officers are alert and friendly—interested in your problems. Our heavy use of air mail clears checks speedily, and our transit department operates on a 24-hour-a-day basis.

But just as important as these services is the way we can help you to a profitable understanding of the entire Philadelphia market. Drop us a line, or have your representative call and see us. We'll be pleased to explain how our knowledge of the business community can be of special aid to you and your business.

18 OFFICES

PHILADELPHIA

MEMBER FEDERAL RESERVE SYSTEM

FEDERAL DEPOSIT INSURANCE CORPORATION

**THE
PENNSYLVANIA
COMPANY**

for Banking and Trusts

FOUNDED 1812

SAFEGUARD ALONE CAN SUPPORT THESE CLAIMS!

1 Practically unspillable! Even if accidentally tipped over, the chances are 100 to 1 that Safeguard won't spill.

2 The base performs the function of a fountain pen *reservoir*, but it holds from thirty to fifty times as much as a pocket fountain pen—so refillings are spaced over the years!

3 One dip writes hundreds of words!

4 Pen point doesn't get gummed up!

5 Evaporation is practically nil!

6 Instantly interchangeable points!

7 Holds a full bottle of SKRIP!

8 Economy! Convenience! Performance!—All on the **PLUS** side! . . .

W. A. Sheaffer Pen Company,
Fort Madison, Iowa — Malton,
Ontario, Canada.

White Dot
Safeguard, \$12.50
Others from \$5.00

FOR SALE AT ALL
GOOD DEALERS
THROUGHOUT THE
UNITED STATES AND
CANADA.

SHEAFFER'S SAFEGUARD



Bond Invades Fifth Ave.

With newspaper hoopla estimated to have cost \$200,000-\$250,000, Bond Stores, Inc. opened its first clothing shop on New York's Fifth Avenue. Neighboring shopkeepers showed restrained interest in the chain's opening-week offer of a raincoat given with every suit, while Bond packed some 100,000 eager first-day shoppers into its shiny marble halls.

and conductors to take all the planned production.

The first project was to find out what polyethylene would do besides insulate cables. Bakelite—which has been more active in research than du Pont—put its researchers to work while the war was still on.

• **Properties**—They began by figuring out all the properties of the compound. They found that it is flexible and translucent, tough and exceptionally resistant to shock. It absorbs almost no water (films made of polyethylene have a low rate of moisture vapor transmission). It resists cold, is almost unaffected at temperatures 90 deg. below zero. But it softens at high temperatures of 230F. It is light in weight, and it will take color very well.

The researchers had no trouble applying these qualities to many new fields. Some of them:

Consumer Goods. A polyethylene ice-cube tray for home refrigerators can be bent or even bounced on the floor without breaking, cracking, or changing shape. This week Shellmar Products Co., Mount Vernon, Ohio, is introducing a polyethylene disposable baby's nursing bottle.

Flexible flasks—bottles that are blow-molded like glass—show excellent possibilities in many fields, such as merchandising for toiletries and deodorants.

Tubing and Pipe. The researchers

have perfected methods for extruding plastic tubing and pipe. Advantages over metal: It can be bent around corners, comes all in one piece, can be rolled on a reel like cable for easier handling, and it's acid resistant. Its main uses: drainage, disposal of plant wastes such as paper-mill effluent.

Packaging. This looks like the really big field. Two big potential markets are frozen foods and meat and vegetable prepackaging. Researchers have found that a head of lettuce packaged in a sealed polyethylene bag will keep for two weeks at room temperature. Reason: The film transmits oxygen from the outside, but doesn't let moisture get out of the bag.

Another market possibility is bread-wrapping. Polyethylene blends easily with the paraffin used to coat the wrapping paper. This saves on wax use because the wax doesn't penetrate so deeply into the paper when polyethylene is used. By the same token, polyethylene can save on the use of coating materials for paper board milk containers.

• **Original Use**—Meanwhile, polyethylene is still being widely used in its original application—electric power. Today 25 electric utilities are using power transmission cables that include polyethylene both as an insulation and as protective material. Big cable makers, building coaxial cables for long-distance telephone and television transmission, are also using large quantities of polyethylene.

Extruded polyethylene cable coverings enclose the utility power lines. Designed to last for years, these cables come off the reels as easily as any lead-covered cables. Lead used to be preferred for this job, but shortages have helped to make the plastic more desirable, along with its durability, and its lighter weight which makes the cable easier to handle. About 35% of polyethylene production is allocated for the power and communications industry today.

• **Bright Future**—The future promises even more uses for polyethylene. Bakelite's recent move into the textile field may put polyethylene into competition with some uses of cotton and rayon. Automobile upholstery fabrics woven from polyethylene filaments are now getting into production. Bottle stoppers will soon be competing with natural cork.

Bakelite thinks that one of these days polyethylene film will compete sharply with cellophane in the packaging field. Du Pont, which makes both, doesn't agree. It claims that the packaging field is expanding fast enough to handle both products.

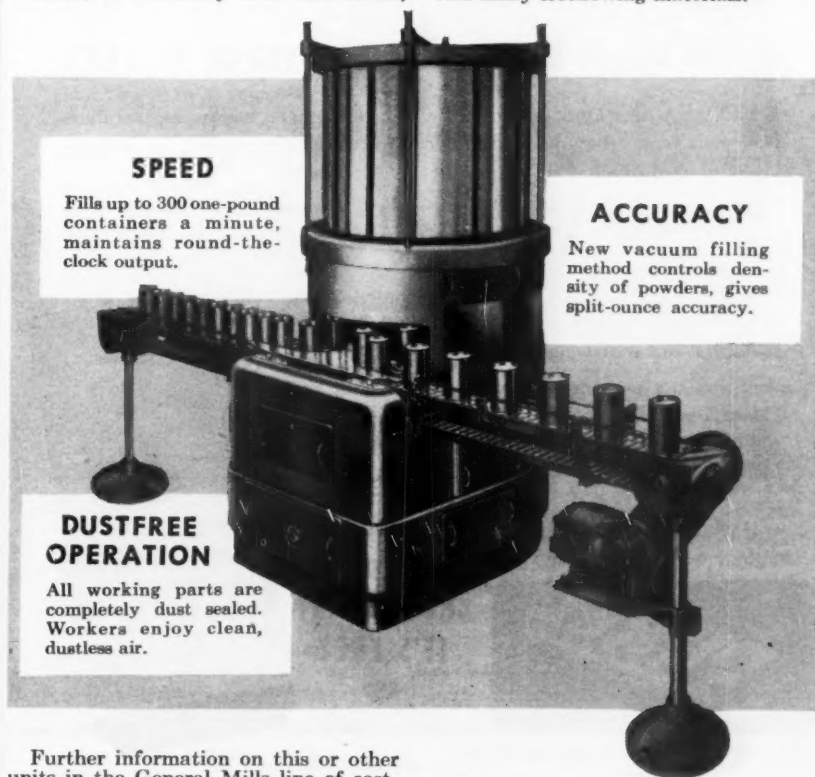
But that's a minor argument. On the broader front, polyethylene is on the way to becoming an important new product for myriad fields.



These well-known products are packaged a new way

Large volume producers are switching to the General Mills Rotary Vacuflow Powder Filler because of its continuous high-speed output, unusual accuracy and long-term economy of operation. Three models, with as many as 24 filler heads,

handle any size or type of container from tiny face-powder boxes to cans or jars 7½" in diameter and 9½" in height. Materials handled include practically every type of non-freeflowing powder and many freeflowing materials.



SPEED

Fills up to 300 one-pound containers a minute, maintains round-the-clock output.

ACCURACY

New vacuum filling method controls density of powders, gives split-ounce accuracy.

DUSTFREE OPERATION

All working parts are completely dust sealed. Workers enjoy clean, dustless air.

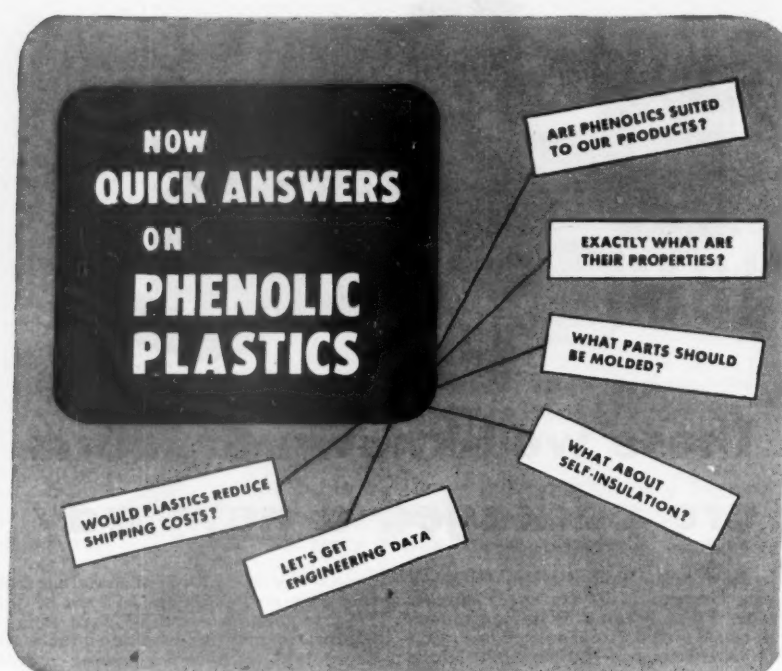
Further information on this or other units in the General Mills line of cost-cutting packaging machinery* is yours for the asking. Address Dept. B98-2, General Mills, Inc., 1620 Central Avenue, Minneapolis 13, Minnesota.

*lock-type and finished-edge carton formers, ice cream carton set-up and closing machines, bulk-type Vacuflow powder fillers

Mechanical Division
General Mills, Inc.
Minneapolis, Minn.

Made by one of the world's largest users of packaging machinery

Copyright
1948.
General Mills,
Inc.



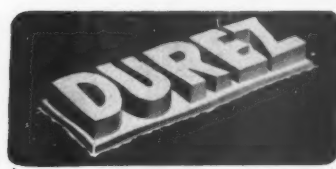
A NEW DUREZ HELP FOR EVERY USER OF PLASTICS

HERE'S a new kind of Durez help for designers, engineers, metallurgists, and others who have occasion to consider plastics for improving production technique or product performance...

With the Durez Check-Chart you have a pocket-size slide-rule type of indicator that gives you the various groups of phenolics with their physical and electrical characteristics in very handy form. Also included are standard engineering tables of temperature conversion, cubic equivalents, structural material weights, etc.

If you use or contemplate using phenolics, the Durez Check-Chart can answer many questions at the planning stage. In requesting your chart, please include your company name or business connection.

**USE THIS CONVENIENT SLIDE-RULE
TYPE
CHECK-CHART
IT'S FREE**



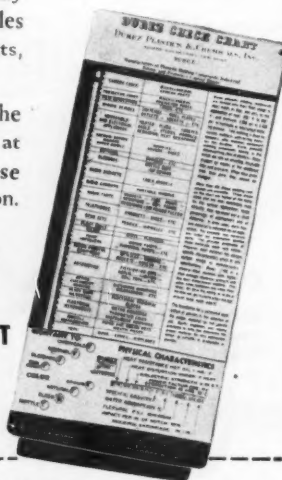
PHENOLIC
RESINS

MOLDING COMPOUNDS

INDUSTRIAL RESINS

PROTECTIVE COATING RESINS

**PHENOLIC PLASTICS
THAT FIT THE JOB**



Durez Plastics & Chemicals, Inc.
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Please send me one of your Slide-Rule Check-Charts.

Name.....

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City.....Zone.....State.....

Two New Chains

Independent grocers expand voluntary cooperatives to stave off big chains' inroads on their share of sales.

Independent retail grocers are gang-ing up again to beat the chains at their own game. To meet the stiffening competition from the bigsters, they are turning back to voluntary chains—cooperative buying and merchandising groups. Wholesalers selling to independents have been vigorously promoting this development.

• **Two Newcomers**—Last week the grocery trade took a look at the two latest additions to the wholesaler-sponsored voluntary chains.

(1) Cardinal Food Stores has just been launched in the Chicago metropolitan area. The sponsor: Sprague Warner division of giant Consolidated Grocers Corp.—the country's largest grocery wholesaler.

(2) Certified Independent Grocers of Washington, in Seattle, is sponsored by National Schwabacher Grocery Co. This is a division of the Pacific Northwest's big and venerable wholesale grocer, Lang & Co.

• **Independents Share Down**—Solid statistics are spurring this cooperative urge. The gains the independents made during the war are beginning to soften. Food prices are soaring; everybody's shelves are stocked—and the medium-sized and smaller grocer is feeling the competitive pinch. Last year, national and regional food chains pulled their share of total food sales up to 38%; their wartime low, in 1945, was 32%.

Some independents have put their wartime profits into larger-volume, self-service, supermarket operations (BW—Jul. 17'48, p64). But many medium-sized and smaller concerns are playing it the cooperative way.

• **Cardinal Setup**—The new Sprague Warner-Cardinal group has a membership of almost 700 retail stores as a starter. The stores keep their own names, hang a Cardinal tag in their windows to identify them with the group.

Members pay \$1.50 in weekly dues. For this they get advertising and merchandising help from Sprague Warner via a weekly Cardinal Food Stores page ad in the Chicago Tribune, posters, window cards, and other display material. They also get weekly comparative price lists. The weekly ad features food items nicely balanced between nationally advertised brands—at prices competitive with chains—and Sprague Warner's own Richelieu, Blossom, and None-Such brands. Members agree to

stock and display the advertised items at the advertised price.

Retailers in the group are expected to do their heavy buying with Sprague Warner—but not in any fixed amount.

• **Earlier Voluntaries**—This isn't Consolidated's first try at voluntary chains. In 1944, it took over the 20-year old Jack Sprat chain, which now totals around 700 stores. Early this year, Consolidated added two voluntary groups with 150 stores. Its C. D. Kenny division at Baltimore operates these groups in Dayton, Ohio, and Richmond, Ind. And this year, C. D. Kenny also launched a "Thrifty Special" group merchandising plan in Baltimore, Md., Columbus, Ohio, and Charlotte, N. C. These groups work on lines similar to the Cardinal setup.

Sales volume of the stores in Consolidated groups averages around \$100,000 per store yearly.

• **Certified Independent**—The new Certified Independent chain, which blossomed in Seattle, features pooled advertising and no dues payments as the chief come-on for attracting members. Members are required to sell at prices established in weekly food-page advertising. The prices, set by the wholesale house, are keyed to special buys; these permit the retailer to offer traffic-building prices on some items each week. There is no requirement to buy from National Schwabacher, but the ads push the company's brands (Happy Home, Reliance, Gold Shield).

Certified Independent includes some 350 stores with an annual retail sales volume estimated at nearly \$35-million.

• **Warehouse Savings**—Among established voluntary groups, major postwar emphasis has been on increased efficiency and lower costs in wholesale operations. New one-story warehouses—plus streamlined operating methods all along the line—have cut handling costs to a minimum. The trade believes that, as a result, well-run wholesalers have pared their average gross markup to 8% or 10%. Some voluntary chains, like Independent Grocers Alliance, claim to have shaved average gross markup to as low as 6%. Independent Grocers Alliance is the largest of the voluntaries, with about 5,000 members.

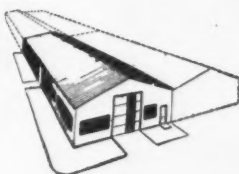
• **Patterns**—Among the voluntary chains, the trend seems to be toward: (1) fewer little markets, more supermarkets and larger-volume grocery stores in the membership; (2) more wholesaler-operated "fully developed" voluntary chains.

In such chains, the wholesaler bills members for merchandise at cost, f.o.b. wholesaler warehouse; then he adds a handling fee, delivery charges, and service fees for accounting-record maintenance, advertising, and promotion materials. Nearly 50 voluntary chains now follow the "fully developed" pattern.

IF YOU'RE PLANNING TO BUILD

this new catalog can help you
do it faster, easier, and at

Lower Cost



WHAT ARE LURIA BUILDINGS?

They are *permanent*, steel-frame structures, designed to meet the most exacting building codes—available with clear spans of 40 to 100 feet, eave heights of 12 to 20 feet, and lengths in increments of 20 feet.

WHERE CAN THEY BE USED?

There's practically no limit to their application. They can be used singly or in any desired combination—with a wide choice of door and window locations, optional features, roofing and siding materials. These Standard Buildings are so flexible that they can, in effect, be custom-tailored to meet your precise requirements.

WHY DO THEY COST LESS?

Because (1) they are produced in quantity; (2) they use fewer and heavier members which require less fabrication; (3) they are designed to permit maximum interchangeability of parts throughout the entire line.

THEY ARE AVAILABLE NOW
for fast delivery

Standard Buildings by LURIA

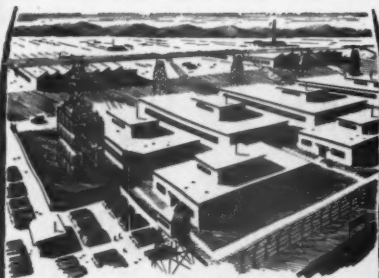
LURIA ENGINEERING CORPORATION
500 FIFTH AVE., NEW YORK 18, N. Y.
Offices in: Atlanta, Boston, Chicago,
Cleveland, Philadelphia, Pittsburgh, and
Washington, D. C.

ARCHITECTS: This 20-page catalog, containing general data and specifications on the complete line of Luria Standard Buildings, will be a valuable addition to your files. For here is a new and flexible medium to work with—*permanent* structures that can be incorporated into your plans with complete confidence—low in cost, readily available, easy to erect.

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When ATOMIC POWER Moved West...

**PACIFIC-WESTERN
GEARED PRODUCTS**
were ready, backed by
over 50 years of
gearing experience

When construction of the atomic-power plant began at Hanford in 1943, "PACIFIC-WESTERN" was prepared to serve this new industry with the experience of more than half a century of gearing.

Availability of water and power in fantastic quantities influenced the choice of a west-coast site for this colossal project. As atomic power develops, "PACIFIC-WESTERN" geared machinery for special needs will be available for totally new applications to be uncovered.

In the west, it's PACIFIC-WESTERN geared products

In the pulp and paper, chemical, mining, petroleum, fishing, food and all the other industries, "PACIFIC-WESTERN" is again the primary supplier of gears and geared products designed and built for the specific needs of each industry.

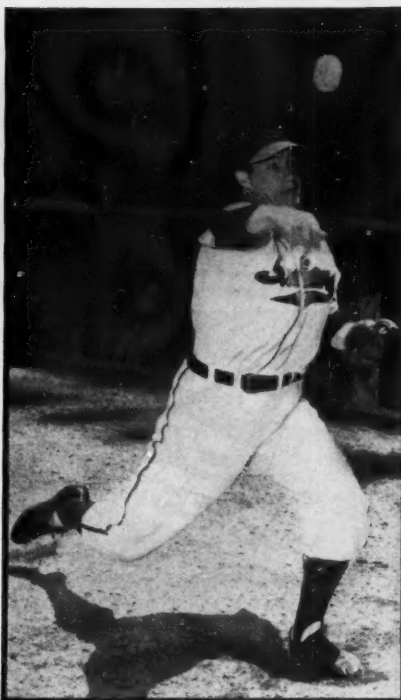
We are both proud and careful of our more-than-50-year record as gearmakers to western industry.

When you need geared equipment for your western plant, be sure to make use of our specialized engineering experience and our three large plants with the finest gear-making facilities in the west.

Write, wire, or phone
for assistance on your current
geared-drive needs.

Western Gear Works, Seattle 4, Wash.
Western Gear Works, Box 192, Lynwood, Calif.
Pacific Gear & Tool Works, San Francisco 3, Calif.
Sales Representatives:
Houston • Portland • Salt Lake City

PACIFIC WESTERN
GEAR PRODUCTS



GOOD MERCHANDISE (pitcher Bob Feller) plus . . .



GOOD SALESMAN (Indian chief Veeck) means a . . .



RUSH FOR SEATS that puts 82,781 fans in a stadium intended to hold only 75,000

Selling a Ball Club to the Fans

Like selling anything else, it takes smart marketing of a good product. Bill Veeck has given Cleveland both.

The old Canarsie Indians of New York knew a couple of the fundamental facts about marketing—if the product is good and the price right, you make a sale. So, in 1626, they sold Manhattan Island to a Dutchman for \$24 worth of cloth, beads, and trinkets.

Out in the Middle West, another tribe of Indians is fast proving that

aboriginal business acumen has improved a lot since 1626. Through having a top-notch product (the Cleveland baseball team) and an inspired sales chief (Bill Veeck), the Indians stand to collect \$3.5-million in good American wampum for tickets this year.

• **New Prexy**—Before June, 1946, when William L. Veeck took over the Cleve-

A Distributor serves you Best

RECORD MAKER CONVEYOR BELTING, designed for heavy service and severe operating conditions, is recommended for rock and ore up to 4", run of mine coal, and many types of moderately abrasive materials.



Republic Rubber Gives Positive and Constructive Help to Its Distributors

25th Anniversary

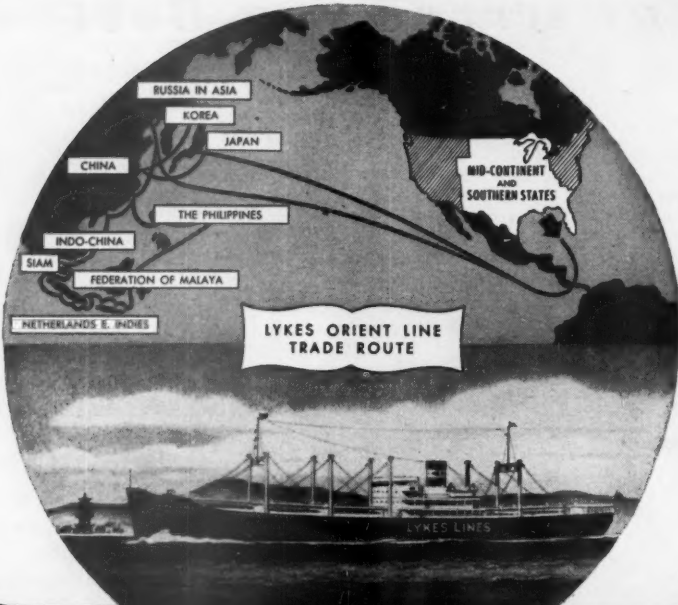
1948 marks the 25th Anniversary of Republic Rubber Division's 5-Point Sales Policy. This policy, by intent, provides service to industry through carefully chosen distributors rather than branches, because, Republic believes it's a more economical and efficient way of doing business.

The natural service facilities distributors have when augmented with "product knowledge" make distributors an economic necessity. "Product knowledge" plus "product availability" are essential points for buyers. Since Republic Rubber distributors furnish "product availability" to buyers and since Republic Rubber furnishes "product knowledge" to Republic Rubber distributors, it's a combination worth your consideration.

MECHANICAL RUBBER GOODS BY
**REPUBLIC RUBBER
DIVISION**



REPUBLIC RUBBER DIVISION
LEE RUBBER & TIRE CORPORATION . . . YOUNGSTOWN, OHIO
Lee DeLuxe Tires & Tubes, Conshohocken, Pa.



LYKES ORIENT LINE TRADE ROUTE

LYKES FAST DIRECT SERVICE FROM U. S. GULF PORTS TO THE Orient



Lykes Orient Line provides *direct*, fast shipping facilities for the flow of exports and imports between Mid-Continent and Southern States and the Far East with its *regularly scheduled* modern C-type cargo vessels from and to United States Gulf ports.

Long experience in serving exporters and importers trading with the Orient is one of many *plus* advantages you secure by routing shipments via Lykes Orient Line and the *economical* Gulf gateway to world markets.

Write for the folder, "Lykes Lines and Gulf Ports." Address Lykes Bros. Steamship Co., Inc., Dept. C, New Orleans, La. Our Trade Development Division will assist in dealing with specific export-import problems.

American Flag Trade Routes



ORIENT LINE—From U. S. Gulf ports to The Philippines, Japan, China, Korea, Indo China, Siam, Federation of Malaya, Netherlands East Indies and other Far Eastern areas.

AFRICA LINE—From U. S. Gulf ports to South and East Africa.

MEDITERRANEAN LINE—From U. S. Gulf and South Atlantic ports to Spain, Portugal, France, Italy, Greece, North Coast of Africa and other Mediterranean and Black Sea areas.

CARIBBEAN LINE—From U. S. West Gulf ports to Cuba, Haiti, Dominican Republic, Puerto Rico, Venezuela, Curacao, Aruba, East Coast of Colombia and Canal Zone.

U. K. LINE—From New Orleans, Houston, Galveston, other U. S. West Gulf ports and Tampa to England, Ireland, Scotland and Wales.

CONTINENT LINE—From New Orleans, Houston, Galveston, other U. S. West Gulf ports and Tampa to Continental Europe, Scandinavia and the Baltic.

LIMITED PASSENGER ACCOMMODATIONS



LYKES LINES

Lykes Bros. Steamship Co., Inc.

Offices at: NEW ORLEANS, HOUSTON, GALVESTON, NEW YORK, Baltimore, Beaumont, Chicago, Corpus Christi, Dallas, Gulfport, Kansas City, Lake Charles, Memphis, Milwaukee, Mobile, Port Arthur, St. Louis, Tampa, Washington, D. C.

OFFICES AND AGENTS IN PRINCIPAL WORLD PORTS

land Baseball Corp. as president and principal stockholder, the club belonged to a group of bankers, real-estate operators, and businessmen with a flair for sports. They believed that, if the team played well, some 30,000 fans might come out to watch on a sunny Sunday afternoon. They considered a season's total attendance of 600,000 excellent; one year it had even reached 800,000.

Bill Veeck, who had gone in short pants to peddle programs at Chicago Cub games (his father was president of the club), also believed that a good ball club was the best drawing card for spectators. But he had a few other ideas about how to create a sellers' market in baseball tickets.

• **Problem**—When Veeck took over, the Indians had a lease on Cleveland's municipal stadium (with a seating capacity of 75,000) for Sundays and other big attendance days. All other games were played in the comparative privacy of the club's own, much smaller park, more than a mile from the heart of the city. Veeck's problem was to make people come to these stadiums to watch a team that was in sixth place in the American League at the time.

So Veeck started in to merchandise baseball. He inaugurated a program of extra entertainment to make fans overlook the many-thumbed ballplayers. A live band was on hand for every home game. Night games featured fireworks, vaudeville acts, and clowns. By comparison, the Indians began to look better and better. Attendance climbed, and the club ended the season with 1,057,000 paid admissions—largely due to Veeck's sideshow formula, plus a few new faces among the players.

• **First Moves**—The 1946 season was scarcely over when Veeck traded pitcher Allie Reynolds for the New York Yankees' brilliant infielder, Joe Gordon. Cleveland fans began to realize that Veeck meant to keep his promise of providing a better product. The year-round office staff was expanded from 5 to 30—and Veeck took to the road.

Indian Veeck staked out all of Ohio north of Columbus as his trading area. (The area south of Columbus was dominated by the Cincinnati Reds.) He let it be known to civic clubs, Bible classes, Boy Scout groups, and any other type of gathering that he was available as a speaker. He showed baseball movies, kidded his own team, promised good entertainment and a better ball club in 1947.

By the time the 1947 season got under way, Veeck had some new baseball talent. But the Indians were still far from a championship club. To make up for it, Veeck continued his program of fireworks and corn-fed entertainment. More than 1.5-million fans—20% of whom came from towns outside Cleveland—paid admissions, set a new attend-

ance record, and watched the Indians finish in fourth place.

• **Players Enlisted**—Last winter Veeck added a couple of his more popular and presentable players to the lecture payroll. They helped to fill engagements on the banquet belt, which now covered towns as far away from Cleveland as 150 mi.

Veeck's winter circuit has paid off this year—an estimated 30% of the paid attendance has come from outside greater Cleveland. Sundays always draw five to 10 special trains from Columbus, Toledo, Youngstown, and other points. As many as 135 buses have been chartered to carry private parties to week-end games, from every section of Ohio. And this year, player-manager Lou Boudreau's team didn't disappoint the fans.

• **Smart Moves**—Veeck has unleashed plenty of other traffic-building tricks. In early August, he invited every Ohio mayor to be his guest at a night game. Signing Negro outfielder Larry Doby in 1947 and venerable Negro pitcher Satchel Paige in 1948 brought a flood of Negro fans to the park.

All home games are now played in the downtown municipal stadium—frequently to capacity crowds. Tickets are easily obtainable by mail order or at newly established uptown ticket offices. All games are broadcast over Cleveland AM and FM stations and a chain of nine down-state local stations.

• **Record**—These innovations, plus the emergence of an inspired ball club in 1948, boomed home-game attendance to a record 2.5-million for the season. (The team's drawing power on the road is way up, too.) This should mean tidy profits for Veeck and the other stockholders—among whom are former player Hank Greenberg, Philip Clark and Les-

Magnet helps cooks!



FISH is a food that requires vigilant chewing. Canned apple sauce, by way of contrast, is enjoyed with savory abandon.

But suppose someone drops a paring knife — or a tiny steel chip from the blade — onto the sliced-apple conveyor? Such an accident could be embarrassing to the packer . . . dangerous to the consumer.

Leading food processors protect their products' reputation by inspecting them with a magnetic eye. Sliced-apples, for example, pass through an Ohio Magnet's powerful field. Foreign metal is snatched from the food *instantly*. After inspection by an Ohio Magnet, apple sauce is smooth . . . **SAFE!**

Have you considered the advantages of Ohio Magnets to separate ferrous metals from your products or materials? Write today to Ohio — 25 years a leader in magnetic materials handling and separation. The Ohio Electric Mfg. Co., 5920 Maurice Avenue, Cleveland, Ohio.



Ohio is also a leading name in the small motor industry



PICNIC FOR OHIO MAYORS helps enlarge area from which Indians draw fans

Why They Went to Oklahoma

With

'Seamprufe'

it was

LABOR and LOCATION



WILLIAM CAPLIN

President
Seamprufe, Inc.

Says:

"In February, 1948, we opened our new branch plant to manufacture Seamprufe slips in McAlester, Oklahoma.

"We were attracted to Oklahoma because of the good supply and intelligent character of labor available for garment manufacturing, and because from Oklahoma we can ship overnight to so many southeastern, southwestern and western cities.

"The spirit, effort and willingness of the people of Oklahoma would amaze the average manufacturer in so far as every vital necessity is concerned for good working people.

"We look forward with confidence to our future operations."

Oklahoma has many business advantages in addition to those which appealed to Seamprufe. Send for this book of information which describes graphically, 12 of this state's favorable factors. A special confidential survey report relating to your own business will be prepared on request.



OKLAHOMA

PLANNING and RESOURCES BOARD
STATE CAPITOL BUILDING
OKLAHOMA CITY, OKLAHOMA

ter Armour of Chicago, Robert Goldstein of New York, and Bob Hope of Hollywood, who owns a reported \$25,000 worth of stock.

Veeck has a new scouting system working in Ohio that he hopes will steer every boy with playing ability toward a Cleveland contract. If the system pays off, Veeck hopes to realize his vision: an all-Ohio roster of players representing Cleveland—each with a gigantic following of admission-paying fans from his home town.

MARKETING BRIEFS

FOUNTAIN PEN MAKERS will have to stop talking about iridium and osmium tipped points if the Federal Trade Commission has its way; FTC claims it can't find a trace of the stuff. Also FTC thinks pen makers should label gold content (but makers say there isn't enough room on the pen points).

INDEPENDENT RETAILERS' August sales held even with July, were 8% above a year ago. The Commerce Dept. says the big gainers were: motor vehicles, up 31%; building materials, 20%; furniture, 11%. Down from a year ago: apparel, food, jewelry.

NEW ANGLE in the attempt to keep reusable cotton flour bags competitive with paper (BW—Jul. 3 '48, p38): Taystee Bread Co. of Beaumont, Texas, packages its used flour bags in fours, complete with thread, buttons, and pattern, peddles them to retail stores for sale to housewives.

NBC'S OWN CODE of practice for radio and television goes into effect next January. Tougher than the new National Association of Broadcasters code, it bars any more giveaway programs, oversize commercials, bedtime crime programs.

"IT'S CHEAPER to buy a used car than to eat," advertises Al Dement Chevrolet Co. of Birmingham. Dement sells cars by the pound: a 1946 Hudson, 49¢; a 1940 Chevrolet, 31¢; a 1947 Ford, 61¢. Cheaper than meat, argues Dement.

HOTEL PATRONS ARE ANGRY over: tips, misplaced reservations, high food prices. That's what the Skirvin Hotel in Oklahoma City found when it queried patrons over two years. (But they liked the service, the Skirvin adds.)

DAYTIME TELEVISION will be introduced this week by the Du Mont network's New York outlet. Du Mont thinks this will bring in small advertisers, sell sets, increase use of facilities—thus lowering costs.



Drug Sales are Higher, But—

They're leveling off, profits are shrinking. Manufacturers call on wholesalers for more distribution help. Other ideas: better containers to aid wholesalers; self-service for retailers.

The drug trade is scanning its recipe books for ways to fatten its profit margins.

• **Upward—But—Retail** prices are up, but they trail the general rise in cost of living (chart, left).

Retail sales are up too, but they are leveling off (chart, right). Meanwhile, higher costs are thinning down the profit margins. Both manufacturers and retailers are feeling the squeeze, despite higher sales. A survey by This Week Magazine shows that, while the sales of ten big manufacturers rose 9.7% in 1947, their profits fell 14.5%. The same survey showed the operating results of ten big retail drug chains: Sales climbed 5.2%, profits dipped 14.7%.

• **Solution**—Last week it looked as though the toothpaste and bicarbonate makers had settled on two ways to swell their net takes:

RAISE PRICES. This, the simplest remedy, has been adopted more or less sporadically by various manufacturers during 1948.

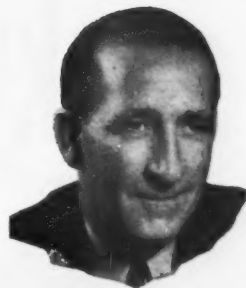
GIVE THE WHOLESALER a bigger part of the distribution job. Among the companies that have recently tried this line are: Hoffmann-La Roche; Lehn & Fink; Mennen; Miles Labora-

tories; Parke, Davis. (Squibb has been doing it for some time.)

The second margin-boosting plan can have some long-term implications. It's the result of increased freight rates and labor costs, which have pyramided the costs of shipping direct to retail drug-gists. So now many a drug maker is shipping his products in carload lots to the drug wholesaler, letting him handle local shipping and billing.

• **Costly Shipments**—Most drug manufacturers would like to see their products in every one of the nation's 55,000 retail drug outlets. But it costs a lot of money today to keep accounts on—and make shipments to—a clientele of even half that number. Drug shipments to retailers are usually relatively small. This means paying the less-than-carload rate for direct transportation from manufacturer to retailer. And it also frequently means paying a specified minimum for shipping a package that weighs less than the weight allowed for that price.

• **New Pattern**—The new pattern that is emerging from the welter of freight rates and increased billing costs usually runs something like this: (1) Keep chain drugstore accounts, ship in carload lots to their warehouses; (2) do the same for big medical-supply houses; (3) pare



John Collings, Vice President of

TWA
says "VICTORS are
DEPENDABLE"



Model 6-83-54

Also available in 10-key keyboard

"Dependability is the watchword of Trans World Airline. Because of this, any adding machines we use must be relied upon constantly. We find Victors meet this rigid requirement."

Add, subtract, multiply, or compute credit balance—there's a versatile Victor for every business . . . large or small. Choice of ten-key or full-keyboard; hand or electric models.

Cushioned feather-touch keys for speed, accuracy. Anyone can operate. Compact . . . easily carried. Fully guaranteed. Nationwide service points.

Call your Victor dealer for a demonstration. Consult your classified phone directory, or write for address.

VICTOR
ADDING MACHINE CO.

World's Largest Exclusive
Manufacturer of Adding Machines
Now in Our Thirtieth Year

<input type="checkbox"/>	Victor Adding Machine Co.
<input type="checkbox"/>	Dept. BW-10-2, Chicago 18, Ill.
<input type="checkbox"/>	Send free "Secret of Speed" booklet.
<input type="checkbox"/>	I would like a demonstration.
Name.....	
Address.....	
City.....State.....	

skylines... by Otis

When you think of Denver extend your horizon beyond Colorado. Denver is not only a State capital, it's a commercial, manufacturing, financial, cultural and professional metropolis of the Rocky Mountain West — comprising one-third the area of the United States. What symbolizes Denver's modern pioneer spirit? Its skyline. It has a growing and thriving look. And it was made possible, in part, by Otis. How so? Skylines require elevators. In Denver, 1,133 of the 1,783 elevator installations are by Otis.

WHAT? MEN FIRST?

That's right. A man standing at the front of an elevator should get off first. He should never block the graceful exit of the fair sex.



FAST THINKER.

Meet the Otis Selector. He's the 'brain' of the modern elevator. He lights the signal. Then slows, stops and levels your car. He opens and closes the doors, too. When you're on your way, he checks off your signal. He can do 21 different tasks in a split-second. Fast thinking? Some elevators travel 1,000 feet per minute or more.



EVERYBODY UNHAPPY?

Some complaints are easier to avoid than others. Name one? Haphazard elevator service. How to avoid it? With Otis maintenance. It's keeping 2,615 elevators in apartment houses doing the job they were built to do. Everybody's happy with safe, uninterrupted service. Want the details?



Did you know that Otis builds its own elevator motors and generators? Why? They require specialized skill in design and manufacture.



ELEVATOR COMPANY

Home Office: 260 11th Ave., New York 1, N. Y.

the number of independent retail accounts as close to zero as possible; (4) ship in carload lots to some 220 drug warehouses; these in turn will service the individual retailers.

Most manufacturers who are trying this method of distribution still keep full-strength sales forces in the field. The salesmen continue to hand out promotional material, set up displays, and make the sales. Then they turn the sales over to the wholesaler to complete.

• **Wholesalers**—While the manufacturers work at maintaining their margins, the National Wholesale Druggists Assn. is pushing another program. Object: to cut distribution costs for the wholesaler. The association would like to see, inside the big shipping cartons that wholesalers get from manufacturers, smaller "shelf packages." These would hold roughly \$4 worth of the product at retail list price. This, say the wholesalers, is about the amount of the average order for the average product from the average retail druggist. Packing the product in these "shelf packages" would eliminate a lot of the time wholesalers spend in breaking open a 12-bottle carton to fill an average order for six bottles.

• **Retailers**—The retail druggist has his own problems. More and more grocery supermarkets, such as Grand Union's new colossus in Manhattan (BW-Jul. 17'48, p64), now handle some 100 to 200 of the fastest-moving drug items. This kind of competition is driving the retail druggist to seek out new ways to get customers into his store—and keep them coming.

In many cases, he is getting his tip from his competitor, the supermarket. The drugstore merchandising trend: modernize, departmentalize. Products are grouped according to the customer's buying interests; related items are put in the same department.

Self-service, known elegantly to the drug trade as "customer selection," is another part of drugstore planning borrowed from the up-to-date grocer.

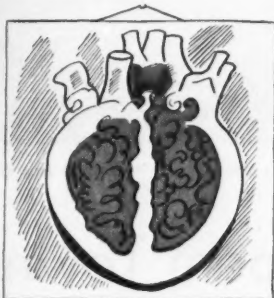
• **Independents Favored**—In the grocery business, the corporate chains have been making headway at the expense of the independents. Independent druggists, on the other hand, have been increasing their share of the drug market in recent months.

The chains, to keep this trend from going anywhere, are experimenting with all types of modernization. Two of the biggest, Rexall Drug Co. and Walgreen Drug Co., are cutting the number of stores, aiming at higher volume per store. Between 1946 and 1947, according to This Week's survey, Rexall cut its number of stores from 544 to 494; sales per store climbed from \$239,000 to \$251,000. Between 1944 and 1947, Walgreen similarly trimmed its stores from 439 to 415, boosted per-store sales from \$268,000 to \$364,000.

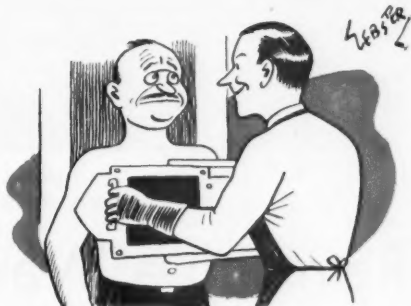
MEET A MAN WITH HIGH BLOOD PRESSURE



1. Everybody has blood pressure. It goes up every time your heart beats, down when your heart rests. The doctor discovered that the level of this man's blood pressure stayed high most of the time. He had high blood pressure (hypertension).



2. His heart had to work harder to circulate his blood. This extra strain often enlarges the heart muscle. Arteries, brain and kidneys may also be affected.



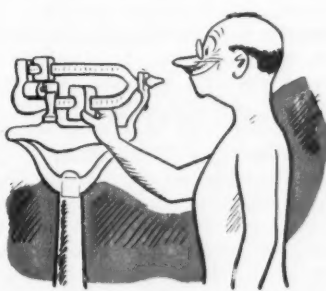
3. However, after a complete medical examination, this man learned that, like most high blood pressure patients today, he could do a lot to help himself.



4. By taking his doctor's advice, he learned how to live with his ailment, to slow down at work and play, to get plenty of sleep and rest.



5. He followed his doctor's instructions about diet, so that the food he ate might help his condition, and avoid putting an extra burden on his heart.



6. He brought his weight down to normal and kept it there. For blood pressure often rises and falls as weight goes up and down.



7. He sees his doctor for frequent check-ups. Under good medical care and with sensible living habits, he can look forward to many happy, useful years.

How Medical Science Combats High Blood Pressure

High blood pressure may clear up quickly under a doctor's care. Sometimes, a period of time elapses before progress is made. There may be infections to eliminate, or the doctor may conclude that special diets, drugs or surgery are needed.

Control of hypertension is easiest when it is discovered early—and the surest way to do that is through periodic medical examinations. This is particularly important if you are middle-aged or older, are overweight, or if there has ever been high blood pressure in

your family.

There is real hope that future advances of medical science will provide still more effective means of combating high blood pressure. Many continuing studies are being aided by the Life Insurance Medical Research Fund, supported by 148 Life Insurance Companies, which makes grants for special research in diseases of the heart and arteries, including high blood pressure.

For further information about high blood pressure, send for Metropolitan's free booklet 108S, "Your Heart."

COPYRIGHT 1948—METROPOLITAN LIFE INSURANCE COMPANY

**Metropolitan Life
Insurance Company**
(A MUTUAL COMPANY)

1 MADISON AVE., NEW YORK 10, N. Y.

TO EMPLOYERS: Your employees will benefit from understanding these important facts about high blood pressure. Metropolitan will gladly send you enlarged copies of this advertisement—suitable for use on your bulletin boards.

TO VETERANS—IF YOU HAVE NATIONAL SERVICE LIFE INSURANCE—KEEP IT!

When You Use Forgings

For Stressed Parts of Operating Mechanisms

You have done all that can be done to

Forestall..

1. DOWNTIME

DUE TO FAILURE OF PARTS

2. LOSS-TIME

ACCIDENTS RESULTING FROM FAILURE OF PARTS

3. INCREASES IN OPERATING COSTS

● Forgings reduce parts failures and protect both the manufacturer of the equipment and the user of it from unpredictable emergencies. There is no substitute for the strength and toughness inherent in the forged fiber-like flow-line structure in steel. The forging method of fabricating parts controls and concentrates the fiber-like flow-line structure of metals at points of greatest shock and stress. Consult a Forging Engineer while a part is in the design stage because it is important that the design utilize fully the fiber-like flow-line structure obtainable only in forgings.

Write for booklet on "Metal Quality—Hot Working Improves Properties of Metal" which illustrates and explains fiber-like flow-line structure of forgings.



DROP FORGING ASSOCIATION

605 HANNA BUILDING
CLEVELAND 15, OHIO

CITIES



LAND AT COST for industrial development is already stimulating interest in this Baraboo (Wis.) site. It's one device that's been used in . . .

Reviving a War-Boom Town

When its munitions plant closed, Baraboo's unemployment rolls lengthened. So local Wisconsin businessmen put together a nonprofit industrial corporation to lure in outside industries.

Baraboo is a colorful little Wisconsin town where—in the 1880's—Ringling Bros. circus came to roost. For more than three decades, the big show returned to the town to stay out the winter months.

● **The Big Show**—And with the circus came good times and local notoriety. Al Ringling built his home in Baraboo—a \$100,000 red sandstone colossus measuring 60 by 71 ft. Largely because of the Ringlings, another local business—the wagon industry—got a boost. Its leader was the Moeller family, which built all the rolling stock for the circus company, tricked up the gaudy wagons for the big parade.

But in 1918 Baraboo's colorful activity came to an abrupt end. Ringling Bros. teamed up with Barnum & Bailey, moved its winter quarters to Sarasota, Fla.

● **After the Show**—After that the town's economy shifted from a winter to a summer basis; one major source of income was the tourist business of the Devil's Lake-Wisconsin Dells vacation country. Besides this means of livelihood, there were also some small industries. But two of these—a canning company and a woolen mill—provided only seasonal employment.

The southern Wisconsin community

shuffled along this quiet way until World War II. Then the government built its \$125-million Badger Ordnance Works seven miles away; that turned Baraboo into a teeming, bustling war-boom town. The population leaped from 6,000 to 15,000 almost overnight; new homes bristled everywhere and numerous restaurants sprang up. Then the war ended.

● **Another Fall**—For the second time in a generation Baraboo fell on its face. The government shut down its 10,000-acre munitions plant, put it on a standby basis, and started to sell some of the 2,000 buildings for lumber. Part of the wartime population began to drift out of Baraboo. Once again the town waited for the tourists to bail it out of the doldrums; but this time it didn't work. Baraboo found itself with an inflated population of 9,000—and widespread unemployment.

There were, of course, the established local industries, which employ about 450 people, some of them on a part-time basis. But that wasn't enough: A recent survey showed that 400 people in or around Baraboo were either unemployed or had to commute to other towns for work; and there were another 400 unemployed in the rural areas nearby. In all, that is about one-fifth of

the region's workers who are eligible for employment.

• **Imports**—Last year Baraboo's businessmen, sparked by the local Chamber of Commerce, decided to do something about their town's plight. The technique they hit on—a drive to "import" outside industries—was hardly novel. But it's one that's usually worked on a big-city or big-area basis—not often for one small community.

The local boosters first figured three good appeals to lure industry: (1) the nationwide trend toward industrial decentralization; (2) the town's plentiful supply of labor; (3) the recreation and good living in the area.

• **Corporation**—So they set about forming the Baraboo Industrial Expansion Corp. It's a nonprofit organization, capitalized at \$100,000. All the money was subscribed by local residents—farmers, business and professional people, veterans, others.

The development company bought 67 acres on the south side of town, near rail and highway connections, and marked off 16 industrial plots on level land. Then it began to install streets, water mains, other utilities. It has also arranged for a railroad spur from the tracks of the nearby Chicago & Northwestern Ry., a job now under way. The corporation will sell its developed land at cost to any manufacturing firm that wants to set up shop there.

Results so far, though not brilliant, have been encouraging. The first two companies that switched to Baraboo were: (1) Boreva Sports Wear Co., a Stoughton, Wis., women's wear manufacturer which now employs some 100 people at its new Baraboo plant; (2) Hagen Mfg. Co., formerly of Belvidere, Ill., which makes small motors for temperature control equipment and similar uses.

However, neither of these two companies moved into the town's new industrial area; they found quarters to their liking elsewhere in Baraboo.

• **No. 1 Moves In**—The first company to settle on the development corporation's land was the Northern Engineering Co.

In its new plant—which opens this week—it makes transformers, mainly for heavy-duty work in utility plants. Northern now employs some 50 people, will probably double that when production reaches its peak.

The development company has a goal: It wants to settle enough industries on its land to employ some 750 workers. Right now it says that it's in the "talking stage" with several other prospective clients.

Meantime, the \$100,000 showplace of the Ringlings is being remodeled by the Elks. What was once the residence of circus aristocracy will be the home of six bowling alleys.



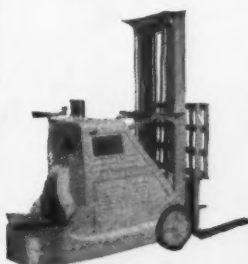
MOBILIFT

The All American Cost Cutter!!

When you let MOBILIFT carry the ball on materials handling, you're bound to hit pay dirt a lot sooner. MOBILIFT, the "Mighty Midget," cuts down many of the costs that stand between you and added profit. Handling costs, production costs, labor costs—the bigger they are the harder they fall when MOBILIFT goes to work in your plant.

MOBILIFT eliminates costly re-handling and steps up the pace of your whole materials handling program. Its compact design, its shorter turning radius and the fact that there are no gears to shift, make it more maneuverable. It saves time on every trip. It saves storage space in your warehouse. It saves backbreaking labor and fatigue. MOBILIFT shows a big increase in the tonnage of materials moved and stacked per day.

MOBILIFT is built in three models—2000, 3000 and 3500 pound capacities. Send for complete details on how MOBILIFT can help you reach your goal of greater profits.



MOBILIFT

"The MIGHTY MIDGET"

MOBILIFT CORPORATION

835 S. E. Main Street, Portland 14, Oregon B-W

Please send me your illustrated folder on Mobilift operation.

DISTRICT OFFICES
CHICAGO
NEW YORK
ATLANTA
LOS ANGELES
DALLAS
SAN FRANCISCO

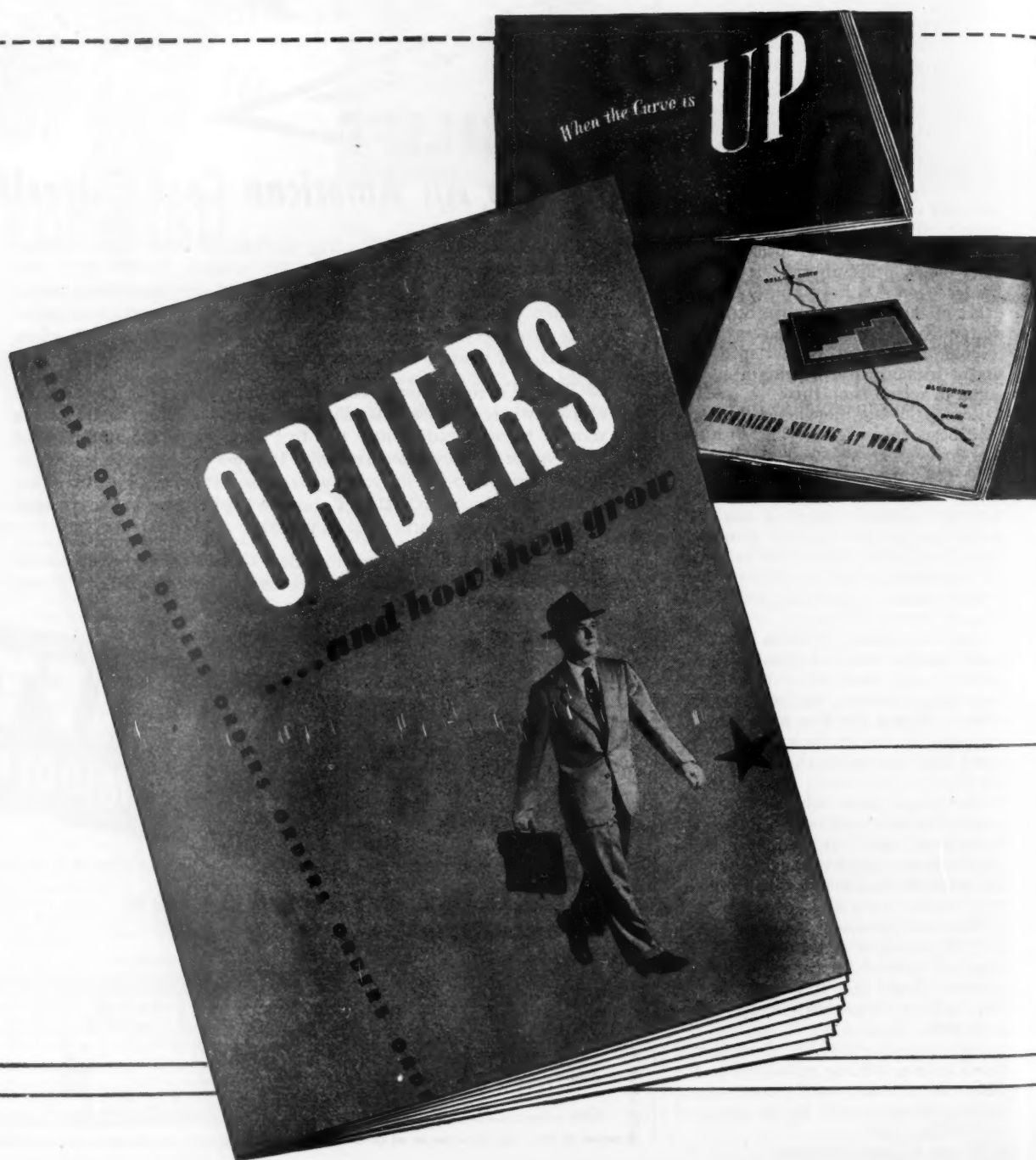
Name _____

Firm _____

Address _____

City _____ State _____

Announcing a New on Mechanized



McGraw-Hill booklet Selling—

★ *for the Man who Needs it Most*
Your Salesman!

BACK IN September of 1946, McGraw-Hill launched an advertising program, addressed to business management, on the theme of MECHANIZED SELLING. The idea was simple, and sound in theory: to keep pace with mechanized production management needs MECHANIZED SELLING; and for the same reason—to cut costs. Analyzing the five basic steps to a sale, McGraw-Hill reasoned that MECHANIZED SELLING, which uses the high-speed, low-cost tools of ADVERTISING, can cover the first three steps faster and more economically than a salesman can alone. This enables the salesman to devote more of his limited time and specialized ability to the last two steps to the *sale*: making a specific proposal and closing the order.

WHEN THE CURVE IS UP

To popularize this idea, McGraw-Hill published a booklet, "When the Curve is Up," which discussed the principles of MECHANIZED SELLING in considerable detail. It showed which steps could be more economically performed by mechanization, and urged management to put MECHANIZED SELLING to work toward reducing-unit costs per sale. "When the Curve is Up" received a gratifying reception from management.

MECHANIZED SELLING AT WORK

A year ago a new edition of this McGraw-Hill "best-seller" came off the press. "Mechanized Selling at Work" took the

basic concept one step further, established a factual base for the cost-saving applications of advertising as a selling tool. It included work sheets for determining the maximum potential for MECHANIZED SELLING. Example after example of *Mechanized Selling at Work* was cited—case studies on how manufacturers are successfully applying the MECHANIZED SELLING principle. Management men have told us it has given them a more realistic concept of advertising. Company presidents have passed copies along to their boards of directors. Agencies are taking the story to their clients. Advertising and sales executives are applying it to the development of a better appreciation for advertising in their own organizations.

★ **ORDERS, AND HOW THEY GROW**

Now, honed and sharpened by two years' experience on the firing line, the principle of MECHANIZED SELLING has been re-defined once again in "Orders and How They Grow." This booklet is written *to* and *for* the man who sells. Its objective is to bring to the salesman a fuller, more realistic appreciation of the job that good advertising does for him.

"Orders and How They Grow" shows *where* MECHANIZED SELLING fits into *your* sales plans—*how* it works to help your salesman use his time more productively—*how* it can reduce your selling costs. Be sure to get your copy from your McGraw-Hill man, or write us for it today!

McGraw-Hill

HEADQUARTERS FOR BUSINESS INFORMATION

publications

330 WEST 42ND STREET

NEW YORK 18, N. Y.



PRODUCTION

From a Volcano, the Idea for an Industry



1 This mountain of slag will eventually become fiber-like insulating material: mineral wool. The slag is rock-like refuse from iron, lead, and zinc smelting

Mineral-wool for insulation of homes stems from ancient discovery that volcanic steam broke up molten lava into "wool".

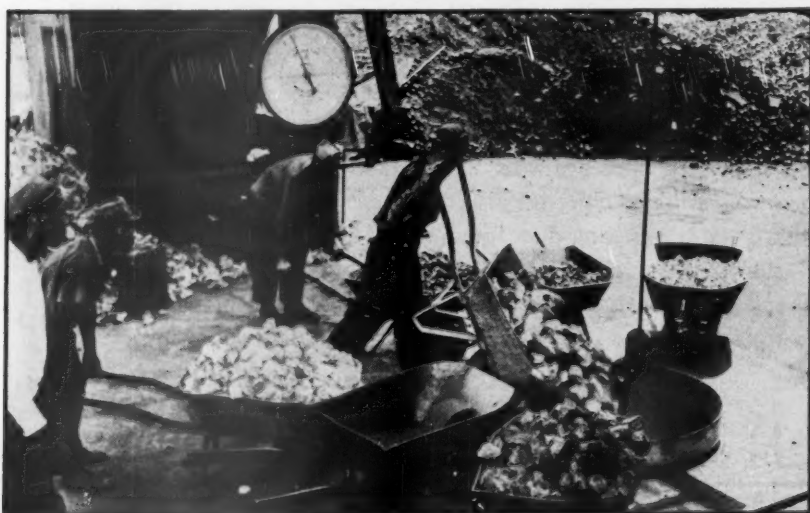
The booming mineral-wool industry can trace its ancestry back to a pagan goddess. In 1836, a scientific expedition found a wool-like substance on the slopes of Mt. Kilauea in the Hawaiian Islands. The natives called it "Pele's hair." The reason was that Pele was the goddess of volcanoes—and the "wool" was formed by volcanic action. When the volcanoes erupted, escaping steam broke up the molten lava into fluffy fibers.

Essentially that same technique is used today in making the mineral wool that insulates your home.

• **Hut to House**—"Pele's hair" was first used for insulation by the Hawaiian natives. They blanketed their huts with the wool-like material, because it kept them cool on hot days, warm in cooler weather. The scientists carried back both the material and the idea for applying it. Out of that the industry started.

First important commercial manufacture began when Gen. Grant was President. The Parrott family, which had made guns during the Civil War, manufactured mineral wool from the iron slag left over from gun-making.

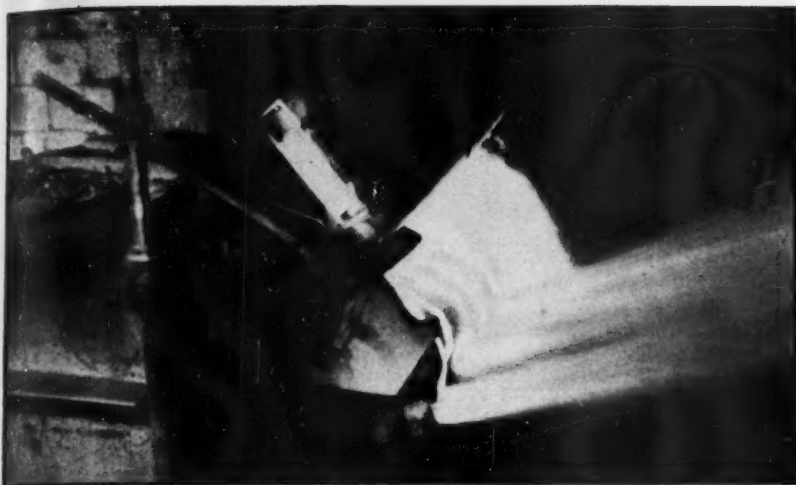
Mineral wool today is made the way nature makes it: by treating molten rock or slag with streams of steam.



2 In carefully weighed quantities, chunks of slag and coke are dumped into the charge bucket (below ground level for easy filling) for the next step: melting



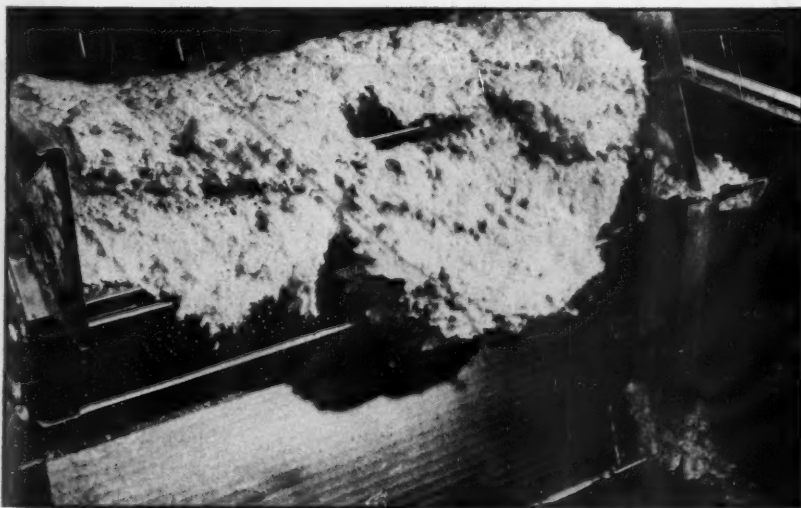
3 The molten mass feeds slowly (rear center) into a big "collecting machine"



4 Jets of high-pressure steam break up the molten slag as it comes from the cupola into tiny, thread-like fibers, blow it into the collecting chamber



5 Fluffy fibers get the "once-over" through a peephole as they pass by. This is one method used by manufacturers to check uniformity of fibers



6 The fibers emerge in a wool-like mass from the other end of the collecting chamber. They feed out on a conveyor, ready for further processing (TURN TO PAGE 70)

DOW CHEMICAL saves thousands of dollars annually with **BAKER TRUCKS**

At the Pittsburg, California, plant of The Dow Chemical Company, five Baker Fork Trucks expedite handling of materials.

Two of them, one fitted with a Trayner-Reinhart cylinder carrier, transport 16" cylinders of ammonia—twelve at a time—from production to warehouse



and from warehouse to shipment. Trucks load cylinders directly into boxcars, or onto highway trucks.

The remaining trucks speed handling of chemicals in bags or cartons on pallets from production to storage,



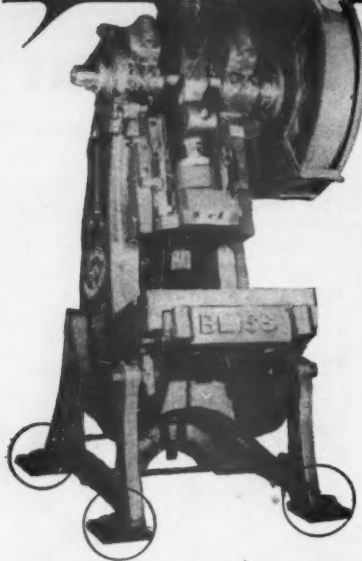
where they are high-tied to conserve floor space, and from storage to shipment, where further man-hour savings are made in loading.

The use of the trucks has resulted in savings of thousands of dollars annually over former methods.

BAKER INDUSTRIAL TRUCK DIVISION
of The Baker-Raulang Company
2164 West 25th Street • Cleveland, Ohio
In Canada:
Railway and Power Engineering Corp., Ltd.

Baker
INDUSTRIAL TRUCKS

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Mount it on
UNISORB



...and Save

Mounting on UNISORB speeds installation . . . requires no bolts or lag screws or hole-drilling. A special cement binds the UNISORB pads to the machine feet and the floor. Permanent set absolutely prevents any riding.

UNISORB absorbs from 60% to 85% of transmitted vibration and noise. This results in substantial reduction of building and machinery repair, maintenance and replacement. This same noise and vibration absorption helps, moreover, toward lowered worker fatigue.

You can use UNISORB with equal effectiveness in anchoring light, medium and heavy machinery of almost every variety . . . on any type of flooring.

Wherever you need secure, simple, trouble-free machine mounting, remember: UNISORB pays by saving all-ways! Sample on request. Write.

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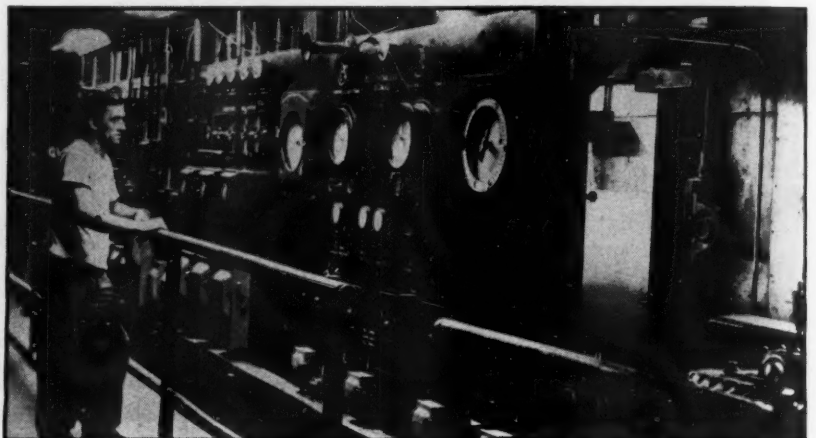
210-Q SOUTH STREET, BOSTON 11, MASS.

Offices: New York, Philadelphia, Chicago, Detroit

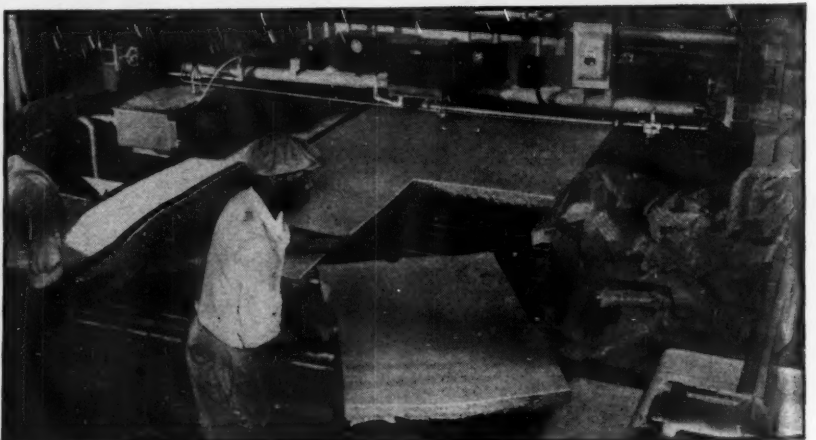
Sales Representatives: San Francisco, St. Louis



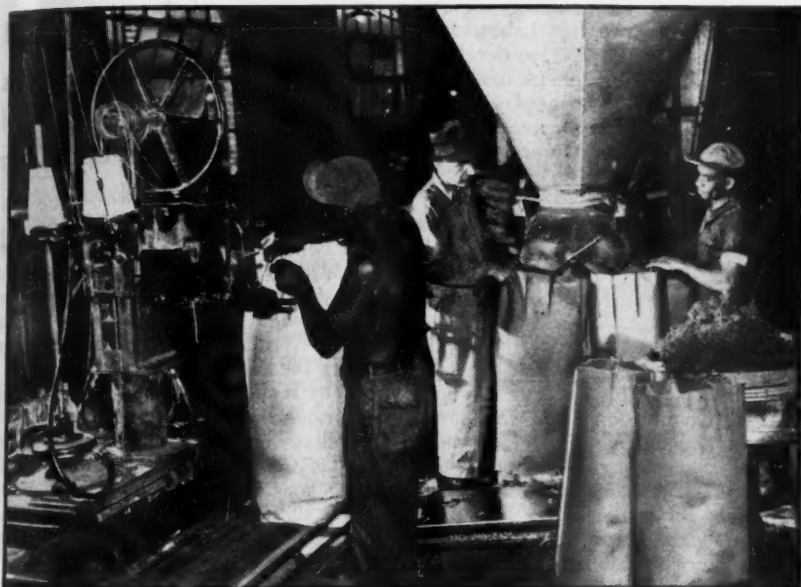
7 Batts (like those used in wall and floor insulation) are made by passing the woolly stuff on a conveyor through a baking oven to form a kind of blanket



8 Precision instruments control oven temperature. As the wool passes through, circular knives slice the blanket into standard widths



9 The batts are backed up with impregnated paper, which prevents moisture from passing through the blankets. Long strips of batts are cut to size, ready for use



10 Alternate method of preparing mineral wool for market is to weigh out and pack the loose, fluffy stuff in bags. This kind is blown into walls for installation

Mineral Wool: A \$50-Million Business

Industry makes eightfold increase in 10 years as high costs, low supplies of fuel make heat conservation more important.

Old Man Weather is the mineral-wool industry's best salesman. With fuel scarce and expensive, the problem of keeping heat in and cold out by use of insulation has grown more and more important.

What this has meant to at least one phase of the insulation industry was pointed up last week by J. Z. Hollmann, newly elected president of the National Mineral Wool Assn. He said that the value of mineral-wool output for 1948 would approach \$50-million—an eight-fold increase in 10 years.

• **Generic Term**—Mineral wool is an inclusive term for thermal insulation made from rock, smelter slag, or glass. Of all materials used for controlling heat loss, mineral wool accounts for 66% of the total. Its uses range from building construction and cold-storage plants to gas stoves and refrigerators.

One of its advantages is that it acts as a fire retardant. It is both heat- and fire-resistant because (1) it is inorganic, and (2) it contains millions of "dead air" cells in each cubic inch of fiber.

• **Changes**—Before 1930, virtually all mineral-wool production was confined to loose or granular form (picture, above). It was used in buildings where space was accessible to workmen. By 1930, the fluffy type was being installed by pneumatic blowing. This opened up wide new markets because it permitted the insulation of existing homes.

Also in 1930, research came up with

the batt-and-blanket idea (pictures, page 70). This type of insulation, according to the National Mineral Wool Assn., now represents about 50% of total output.

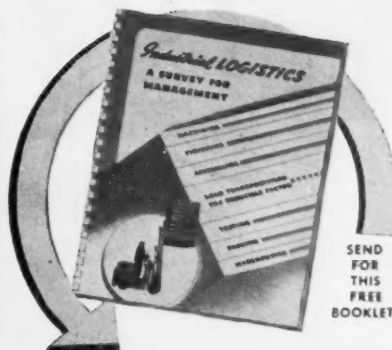
• **Further Promotion**—The 31 member-companies of the National Mineral Wool Assn. are planning further promotion, are stepping up research and plant expansion to fill anticipated demand. Spokesmen believe that government emphasis during World War II on fuel conservation made a lot more people understand the value of the stuff. Last winter's fuel squeeze was another factor in making homeowners insulation-conscious.

At the start of the war, the industry was turning out products valued at \$12-million. This jumped to \$30-million in 1946, and \$42-million last year.

New Development May Boost FM

Frequency modulation is ideal for the small radio station of low power that aims at a limited area. The reason is that F-M will cover only about a 50-mile radius. But the transmitting equipment is both big and expensive. The result is that F-M expansion has been a lot slower than expected.

• **Answer**—Last week technicians said that they thought they had the problem



SCIENTIFIC Materials Handling fully explained

44 illustrated pages describing "Industrial Logistics—A Survey for Management".

INDUSTRIAL LOGISTICS is the science of assembling and handling materials to insure maximum economies in Procurement, Production and Distribution.

ACHIEVED by using Elwell-Parker Industrial Truck Systems to carry the basic containers (Boxes, Barrels, Bags or Bales) in master unit loads on pallets or skids. *An Elwell-Parker man engineers the job.*

RESULTS in Faster Production, Increased Safety, NEW Profits.

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Industrial "Formica" is at work in many industries to make better products at lower cost. Decorative Beauty Bonded "Formica" is at home with people . . . in their homes in restaurants, stores, and public buildings . . . wherever long lasting color and beauty make for better living.

A request to Formica, 4660 Spring Grove Avenue, Cincinnati 32, Ohio, will bring you detailed information on Industrial "Formica", Decorative "Formica", or both. Please indicate.

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FORMICA
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licked. James R. Day, research engineer of Radio Engineering Laboratories, Long Island City, N. Y., has developed a "Serrasoid" modulator. (A modulator translates sound into radio waves of varying frequency, to prepare them for transmission.) This instrument uses the basic principles laid down by Maj. E. H. Armstrong in 1935, inventor of F-M.

The new device is extremely simple. Unlike the bulky equipment now in F-M use, it is about the size of a console radio receiver. And it is presumably far less expensive. It also has excellent performance characteristics. Noise and distortion levels are lower than the minimums set by the Federal Communications Commission. And the circuit uses only about one-third of the tubes needed for regular F-M modulators. That means less servicing, with operator attention cut to the bone.

• **New Fields**—According to Armstrong, the device will open new fields for F-M broadcasting. He thinks that it will make possible the operation of unsupervised transmitters of low power. They could be controlled from pulpits, assembly halls, and similar places with the transmitter requiring no more attention than the common public-address system.

Chemical Bonanza

That's what Midwest has turned out to be for maker of fertilizer ingredients operating right in the grain belt.

A new plant—and a new industry for the area—is rising this week in Kansas City, Kan. It's the Farm Belt Fertilizer & Chemical Co.'s building, which should be turning out chemical fertilizer before the end of the year.

• **Why It's There**—Behind the birth of Farm Belt Fertilizer lies the vision of the founders of Spencer Chemical Co. of Kansas City, Mo.; this company will be a major supplier for Farm Belt. (W. Ralph Smith, president and general manager of Farm Belt, was formerly fertilizer sales supervisor for Spencer.)

In the Midwest, nitrogen fertilizers have long been a prime commodity on the farmers' shopping lists. Yet until five years ago very little of the stuff was produced in the grain belt. Farmers had to rely on supplies from outside regions—even though there was a handy



Mobile Crane to Replace Overhead Hoists

This mammoth mobile crane, and others like it, may well shape a pattern for future plant construction. Powerful enough to handle most hoisting chores, it can do jobs that traveling cranes do today. Right now, one of the big steel companies is trying out the machine in its plant at Pittsburgh. If the idea goes, it will mean lower construc-

tion costs (overhead cranes need heavy walls to support the loads), plus greater mobility in materials handling. The Moto-Crane (above) is built by Thew Shovel Co., Lorain, Ohio; it has a 45-ton capacity at a swing of 12 ft. It travels on six double-tired wheels, has two engines—one to propel it, the other to operate the crane.

and plentiful stock of the essential raw materials—coal, natural gas, water, and air.

One of the companies that spotted this hole in the production setup was Spencer, a youngster in the chemical industry. Early in 1940, it began making plans to fill in the supply chink. It's reasoning ran somewhat along these lines: Make the product close to market and save freight costs; then pass these savings along to the farmer.

Today Spencer has successfully cut its teeth on nitrogen production. Now it's branching out into other fields, bringing new and diversified industry into the region.

• **Beginnings**—The Spencer company got its start as a war baby. As a wholly owned subsidiary of Pittsburg & Midway Coal Mining Co., Spencer Chemical was then called Military Chemical Works, Inc. Early in 1943, it swung into production of anhydrous (dry) ammonia, nitric acid, and ammonium nitrate for the munitions program. At the Jayhawk Works, which it built at Pittsburg, Kan., under government contract, Military Chemical turned out a whopping 300,000 tons of anhydrous ammonia in its first 30 months of operation. Working in overdrive at 130% of designed capacity, the company reached a payroll peak of 3,800 people.

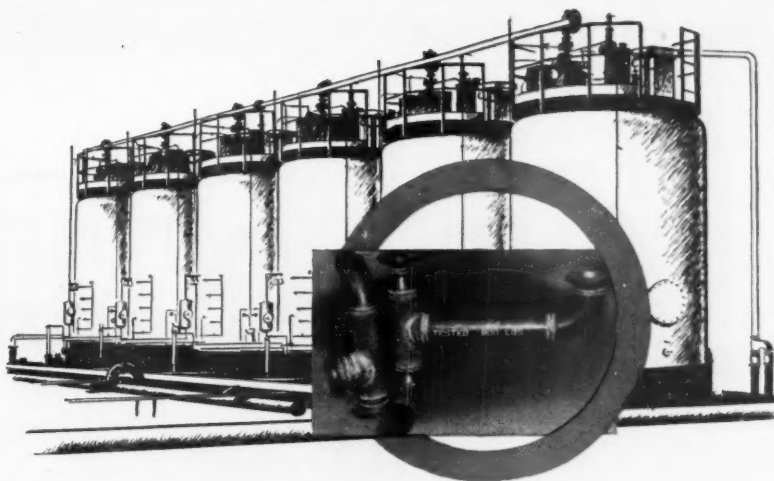
Despite the pressure of war production, the company found time to set up an extensive research and development program. Before war's end, plans were on paper to improve production and products, and to convert to a peacetime output. After V-J Day, the Jayhawk Works was taken over on a lease from War Assets Administration.

• **Plant Bought**—In June, 1946, Military Chemical changed its name to Spencer Chemical Co. and became an independent organization. The lease on the Jayhawk Works contained an option to buy; in May of this year, Spencer plunked down \$2-million as a first payment on the plant (total sale price: \$11,010,000).

Purchase of the plant climaxed Spencer's plans for beating its chemical sword into a nitrogenous plowshare. At about the same time the company undertook two major expansions: (1) more facilities at Jayhawk to make anhydrous ammonia and methanol; (2) construction of a new plant at Chicago to manufacture formaldehyde (in whose manufacture methanol is important).

The weaver of this new chemical network is Kenneth A. Spencer, president of both Spencer and Pittsburg & Midway. He makes his headquarters in Kansas City, spends a good deal of time flying in a company plane between the plants.

• **Dry Ice**—Another step in the company's long-range expansion was the completion last spring of a dry-ice plant



SALT IS GOOD ON TOMATOES — BUT NOT IN CRUDE OIL

"Salts in crude oil are an annoying headache to refiners. They cause frequent shut-downs because of salt plugging, corrosion from evolved HCl, and the deposition of hard coke. The Petreco Electric Desalting Process, developed by the Petroleum Rectifying Company, effectively eliminates the salt, with a corresponding reduction in the refining problems it causes. The Petreco Process is widely used by refiners throughout the United States, Canada, and South America.

"The Petroleum Rectifying Company has found that Bonney WeldOlets* and ThredOlets* insure strong, leak-proof pipe connections and are very effective wherever 90 degree branch connections are needed, regardless of the pipe size. Not only do WeldOlets* give the "balanced flow" which is vitally important in their multiple unit operation, but they also speed up layout, save welding time."

ThredOlets* make a stronger connection



Eliminates costly pipe threading, provides full strength at joint and full flow

than couplings, and the use of both WeldOlets* and ThredOlets* gives them savings of 25% and more.

WeldOlet Fittings can be welded to pipes wherever outlets are required, eliminating costly pipe threading, reducing new construction and maintenance costs. They are safe, efficient, quickly installed.

Write today for our handbook. It may suggest ways in which WeldOlet Fittings can cut your labor costs. There is a distributor in every principal city.

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MANUFACTURERS OF FAMOUS BONNEY TOOLS

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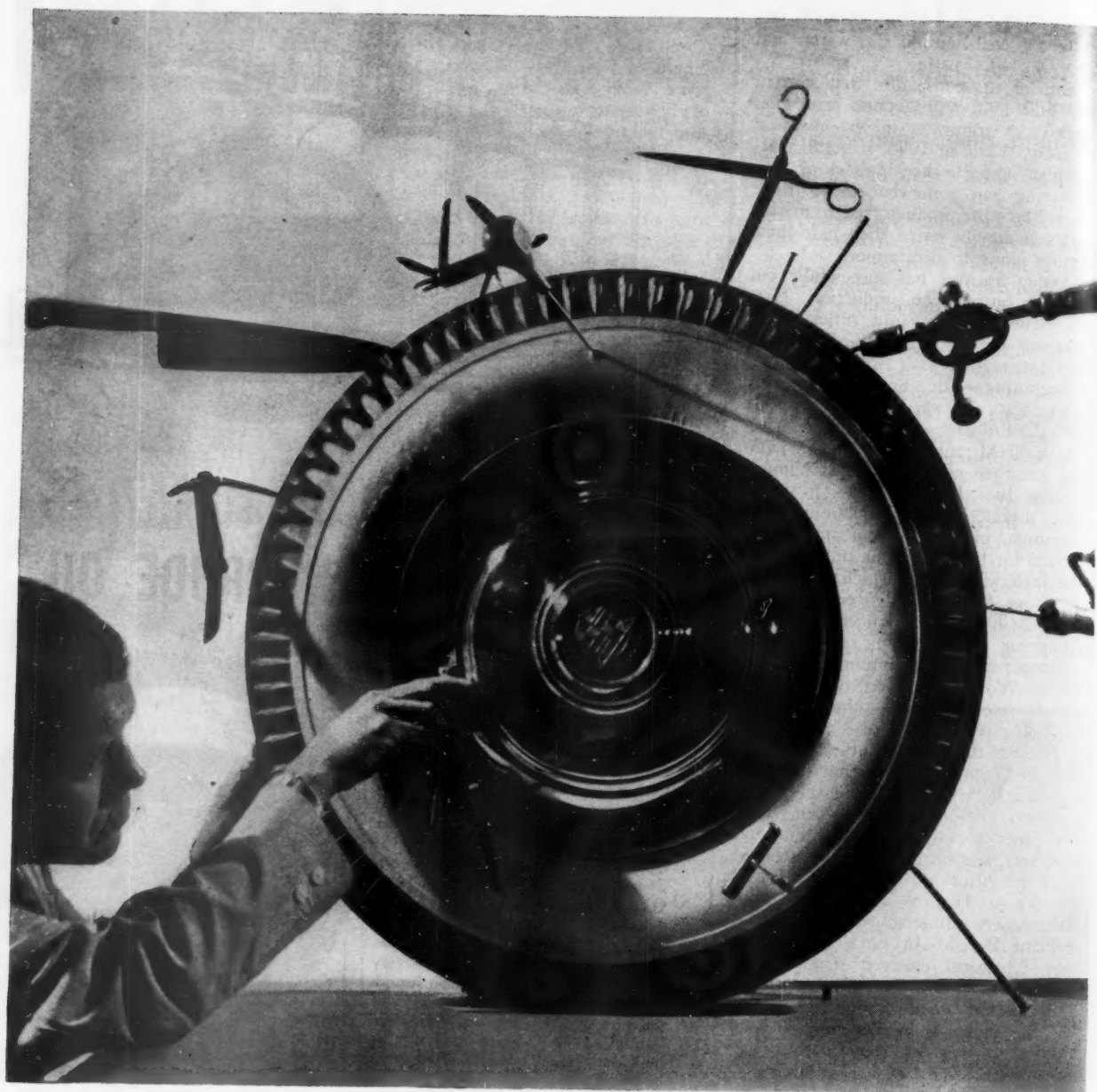
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MAGAZINE
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INDESTRUCTIBLE TIRE?

SCIENCE ILLUSTRATED for October presents a special report on 1949 tires. It is a lively picture-story of what the folks in Akron and elsewhere are up to, in natural and synthetic tires and tubes (and tubeless tires), with all the facts on mileage and safety and costs, told with clarity and authority.

This report—like the 31 other features for October—will rouse the eager, active interest of this audience. For here is a market of *special* people. They assemble here every month, over 530,000 strong (net paid)—because of their special interest in *new discoveries*, new developments toward a better, fuller life.

And because their incomes are as healthy as their curiosities, these people who read SCIENCE ILLUSTRATED

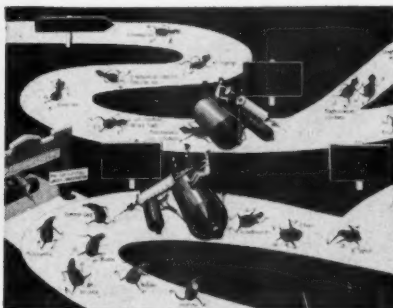
are the people who start buying waves. Research among them proves that they have more of the things that make for better living than their non-reader neighbors, right next door. (Speaking of tires—6% more of our readers own cars than their non-reader neighbors, and 85% have definite tire-brand preferences.)

This is an audience that can prove most profitable to you as an advertiser—because it's an audience that *wants to know*. And because it wants to know, it can most easily be induced to *want to buy* what you sell—if you tell about it in these pages.

Today, as you plan to meet the special marketing problems of 1949, it will pay you well to learn the special advantages which SCIENCE ILLUSTRATED provides.



HOW SMART IS YOUR BABY? Seven-page feature story in action—picture and text on new I.Q. tests for infants as young as 4 to 12 weeks.



AUREOMYCIN. Authoritative report on medical science's first effective weapon against typhus, Rocky Mountain spotted fever, and Q fever.



U.S.A.'s BOLDEST INVESTMENT. Behind-scenes visit to \$10,000,000 atomic pile at Brookhaven National Laboratory, planned for pure research.

— means —

ACTION!

CHICAGO • DETROIT • SAN FRANCISCO • LOS ANGELES • BOSTON • ATLANTA



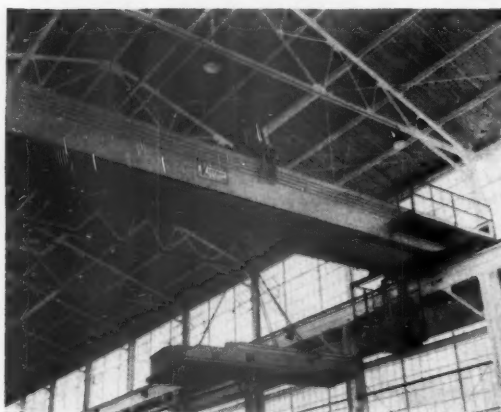
You wouldn't use a bent pin for bass

Unless you have the right equipment you can't expect results... either at play or at work. For handling heavy materials and work-in-process you need a Whiting Electric Traveling Crane.

Whiting Cranes are engineered especially for the job at hand—in capacity, construction, hoisting, and traveling speeds. Such equipment brings materials-handling costs to the lowest possible level, and reduces the out-of-service and maintenance time which so often interferes with production schedules.

A Whiting representative will gladly discuss modern materials-handling methods with you, and submit a proposal for bringing your present system up to date.

WHITING CORPORATION
15661 Lathrop Avenue Harvey, Illinois



Offices in Chicago, Cincinnati, Detroit, Los Angeles, New York, Philadelphia, Pittsburgh, and St. Louis. Agents in other principal cities. Canadian Subsidiary: Whiting Corporation (Canada) Ltd., Toronto, Ontario. Export Department: 30 Church Street, New York 7, N. Y.

IMPORTANT

Whiting has acquired the patents, manufacturing, and sales rights to Spencer & Morris Tramrail Systems. These, combined with Whiting Hoists, Light Cranes, and Heavy Cranes, enable Whiting to supply a complete, fully integrated overhead materials-handling system.

BUILDERS OF QUALITY CRANES
FOR OVER 60 YEARS

Dependable · Quiet-Running · Durable

WHITING Overhead Traveling **CRANES**

to utilize waste carbon dioxide from the manufacture of anhydrous ammonia. This plant is turning out 50 tons of dry ice a day. The byproduct venture has put Spencer into the business of distributing dry ice through modern warehouses in five midwestern cities.

Spencer today employs about 1,150 people. Last year sales topped \$13-million.

The company has already fathered three subsidiaries: (1) Emergency Export Corp., which operates three government ordnance works under the Army's program for producing nitrogen fertilizer for occupied countries (BW-Jan. 11 '47, p22); (2) Sunflower Natural Gas Co., which was organized to acquire and develop natural gas reserves in the Hugoton field of Kansas and Oklahoma; (3) Quaker Valley Constructors, Inc., which handles the new construction as Spencer expands.

PRODUCTION BRIEFS

ATOMIC POWER PLANT will go up in Saratoga County, N. Y., for studies on generating electric power from nuclear energy. The Atomic Energy Commission will buy up 4,500 acres for the site. The plant will be part of the Knolls Atomic Power Laboratory, operated for AEC by General Electric Co.

MATERIALS HANDLING MEN will meet in Philadelphia next year, starting Jan. 10, for their annual exposition. Companies already have leased 97,000 sq. ft. of exhibit space.

SOUND AND FACSIMILE broadcasting on the same frequency was demonstrated last week over the Philadelphia Inquirer's station, WFIL-FM. The station used a dual facsimile scanner designed by Radio Inventions, Inc. The report from company engineers: no noticeable weakening of sound transmission.

BRICK PRODUCTION is reaching its highest level since 1939. The Structural Clay Products Institute says August, 1948, production was 556-million, up 70-million from July, 100-million from August, 1947. Clay tile output is up, too; production this year nearly equals last year's bumper manufacture.

ACID ACTION, not friction, is the major cause of engine wear. That's the opinion of Shell Oil Co. scientists, based on a long series of engine-wear investigations, backed up by 24-million mi. of road-testing. Their reason: Start-stop driving results in incomplete fuel burning and chemical attack of metal surfaces. Their solution: additives to their X-100 motor oil.

NEW PRODUCTS



Portable Adder

An easy-to-move calculating machine that you can shift around the office or take home for after-hours figuring has been developed by Universal Business Machine Corp., Middletown, Conn.

The Llorens adder weighs about 8 lb. It's small enough (5 x 8 x 3½ in.) to fit in a desk drawer. Manually operated, it will add, subtract, multiply, and divide; totaling capacity is 10 figures. To get repeat listings you press a key on the board, then pull the crank. Subtotals and totals are printed in red and black; running totals can be scanned on a dial in the front of the machine.

• Availability: 3 months.

Dual Action Thermometer

Weston Electrical Instrument Corp.'s newest thermometer—a combination model—is a regular indicating thermometer with an alarm or control device.

To make the two-way instrument, Weston built an adjustable contact arm on the face of its standard all-metal thermometer. This arm can be set at any temperature shown on the scale. When the temperature-indicating needle reaches the point where you've set the contact arm, it makes a magnetic contact. This closes an electrical circuit (wires are connected to a terminal block on the side of the thermometer case). That sets off an alarm, opens a draft, or performs any other control operation you want.

Once the contact has been made, it stays closed until you break it manually, or until there's a temperature change of about 5%. You can get a thermometer that makes the contact on either rising or falling temperature, whichever you want. Accuracy as an indicating instrument is plus or minus 1%; as a control

device, plus or minus 1½% of the full-scale range. Stem lengths run from 2¼ in. to 24 in. Weston's address: 617 Frelinghuysen Ave., Newark 5, N. J.

• Availability: immediate.

Battery Booster

When your car battery decides to lie down and die, Willard Storage Battery Co., Cleveland, suggests that you'll find its new portable charger handy. It's designed to give the battery a boost—not a full charge, but enough to get the car back into service.

Willard engineers point out that the charger's size and light weight (28½ lb.) make it simple to carry. It has rubber feet—so you can set it up on fenders without worrying about scratching the surface.

Besides using the charger for quick shots, you can do a full slow-charging job with it. Current ranges from 6 amp. for slow charging to 75 amp. for fast charging; three six-volt batteries can be slow-charged at the same time. Other features: electric timer for regulating the rapid-charging; overload breaker; ammeter, specially designed transformer.

• Availability: immediate.



Easy-Carry Saw

A lightweight, engine-driven chain saw is manufactured by McCulloch Motors Corp., 6101 W. Century Blvd., Los Angeles 45.

Powered by a 5-hp. magnesium die-cast engine, the saw weighs only 45 lb., complete with 20-in. blade. A special magneto gives an extra-hot spark that the company says assures instant starts. The recoil starter is designed so it can't kick.

All engine controls except the throttles are grouped in a compact panel



Slips were chronic with this large organization. In 40 months, 283 workers fell on its slippery floors, which were slicked up with wax. Management wanted gloss, but no loss. So they called a Legge safety engineer. "Your slip was to assume polished floors have to be slippery," he said. He proposed a Non-Slip floor upkeep plan with the Legge System.

The slips dropped 95%...the floors shone...and costs fell 32%.

Plain Talk about Safe and Sane Floors

FREE...our booklet, *Mr. Higby Learned About Floor Safety the Hard Way*. Strips the mystery from floor upkeep. Tells how the Legge System:



(1) engineers care to floors; (2) supervises your crews; (3) gives Non-Slip safety endorsed by leading insurance companies. To send for it without obligation, clip coupon to your letterhead. *Walter G. Legge Company, Inc., New York 18, N.Y.* Branch offices in principal cities.



Walter G. Legge Company Inc.
11 West 42nd St., New York 18, N. Y.
Please send me your free "Mr. Higby" book.

Signed

Title

Type of floor

Area.....sq. ft. B-A1

Industrial Eye Accident Costs UP 78½%*

*Since 1939

**Here's an Expense
that can be cut 98%
in these Days of Rising Costs**

According to the Society for the Prevention of Blindness, 98% of industrial eye accidents are prevented when shop workers wear safety goggles. Even in 1939, eye accidents cost industry well over \$300 per injured man per year in compensation alone. **TODAY THERE'S A 78½% "TAX UPON THIS TAX!"**

What to do about it? Call in your nearest AO Safety Representative. Let him show you *how much* an adequate eye protection program has saved other plants in your industry, *how little* it will cost you and *how soon* it pays for itself!



American Optical

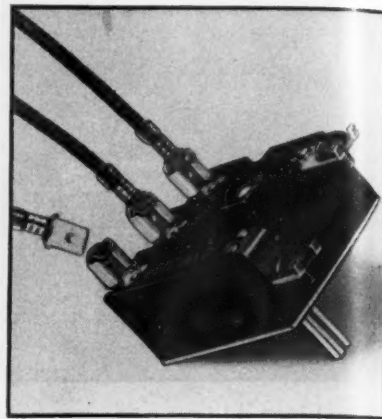
COMPANY

Safety Division

SOUTHBRIDGE, MASSACHUSETTS • BRANCHES IN PRINCIPAL CITIES

above the built-in gasoline tank. Clutch operation is fully automatic. Saw blades are available in 3-ft., 4-ft., and 5-ft. lengths; they can be used for either cross cutting or ripping.

• Availability: immediate.



Speedy Connector

If you have been trying to find a way to speed up the wiring of electrical equipment, Ark-Les Switch Corp. thinks you'll like its new disconnect terminal.

The male part of this terminal is a flat blade staked to the connecting wire. This blade fits into a female receptacle, where it's held by spring pressure. The flat surface gives a large contact area (¼ in. by ⅜ in.); a hole-and-dimple construction keeps the two parts from uncoupling.

You can have the stationary female contact terminal bent at any angle that is most convenient for making the connections. Both contacts are supplied in brass, stainless steel, or Monel metal. The company is at Watertown 72, Mass.

• Availability: Nov. 1.

Still Camera

Bell & Howell Co.'s first model in the still-camera field has a couple of unusual features.

The 35-mm. Foton carries a lens calibrated in T/stops instead of the conventional f/stops. T/stops are based on the actual amount of light that a lens absorbs. The f/stops, on the other hand, are calculated from a mathematical formula without taking into account variations in different lenses. Developer of the T/stop system was Dr. Irvine C. Gardner of the Bureau of Standards.

The camera also has a transport that moves the film automatically after each exposure. As soon as one exposure is made, a double-spring motor advances the film and at the same time cocks the shutter. A 2-in. Taylor-Hobson-Cooke lens is standard equipment.

Price is outside the popular field—

\$700. The company address: 7121 McCormick Rd., Chicago 45.
• Availability: in the stores in early December.

Rodent-Proof Board

Production of a new, laminated board that repels rats is under way at U. S. Plywood Corp.

Protekwood is designed for use as an inside walling in poultry coops, grain bins, and farm-produce store rooms. The material is made in a $\frac{3}{8}$ -in. thickness. It's a combination of hardwood veneer plus an asphalt-impregnated fiber face. Nonpoisonous, it relies on its surface toughness to thwart gnawing rodents.

In tests reported by U. S. Plywood, rats champed easily through plain wooden boxes to get at food. Faced with Protekwood, they barely scratched the surface with their teeth. The company's general offices are at 55 W. 44th St., New York 18.

• Availability: immediate.

P. S.

Axial Air-Gap Motor produced by Fairbanks, Morse & Co. (BW-Jun.14 '47,p76) is now available as a motor reducer (geared to reduce speed, increase torque). Outstanding feature of the axial air-gap design is that it requires less space and weight. Thus, the motor is about half the size of conventional electric motors, about one-third of their heft. Company address: 600 S. Michigan Ave., Chicago 5.

Electromotive De-Ruster, manufactured by Electromotive Industries, Inc., Louisville, Ky., is designed to get rid of rust in your car radiator. The device works on an electrolytic principle that attracts and maintains minerals in suspension; thus, they can be easily drained from the circulating system. Outside connections are not required.

The Drainmaster, a hydraulic device, will make your drains self-cleaning. So says the manufacturer, Telmor Products Corp., 1910 W. Lake St., Chicago. The device is built into the drain to replace the usual trap. Moving a lever up and down causes a hydraulic piston to set up a two-way motion of the water inside the pipes. The motion breaks up and dislodges any obstructions in the line, the company says.

Two new fluorescent lamps point up the trend to more light with less power. General Electric Co.'s 85-watt is said to give the same light output as the company's old 100-watt lamp. Westinghouse Electric Corp.'s 25-watt tube for the kitchen brings 50% more light into the room than a 20-watt fluorescent lamp, the company reports—yet it uses only 25% more electricity.

Both lamps are now available in retail outlets all over the country.

How carton assembly costs were cut 50%

Acme Silverstitch helps fixture manufacturer make stronger carton in half the time

They wanted a stronger carton assembled at less cost.

So Duro Test Corporation called the Stitching Division of Acme Steel Company.

Working with members of their shipping department, the Acme expert helped install a production-line packaging system built around an Acme Silverstitcher.

Now the Duro Test Corporation, North Bergen, New Jersey, packs its fluorescent fixtures in a stronger box in half the time, and saves 50% of previous labor cost. The finished package is a neater, better-looking job—for greater customer satisfaction.

Why not ask an Acme Shipping Specialist to look over your shipping and packaging problems? You won't be obligated, and savings are often substantial. Mail the coupon today for detailed information on what the Acme Silverstitcher can do for you.

STITCHING WIRE DIVISION
ACME STEEL COMPANY
NEW YORK 17 ATLANTA
CHICAGO 8 LOS ANGELES 11



ACME SILVERSTITCHER makes a neater, stronger carton at a saving of 50% in labor cost.

Acme Steel Company, Dept. BW-108
2838 Archer Avenue
Chicago 8, Illinois
Gentlemen:

Send me your free booklet describing Acme Silverstitchers.

Name _____

Company _____

Address _____

City _____ Zone _____ State _____

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AND SILVERSTITCH BOX-STITCHING WIRE

BOOK REVIEW



CARELESS CULTIVATION piled up 6-ft. drifts of sand on this South Dakota farm when drought came in 1935



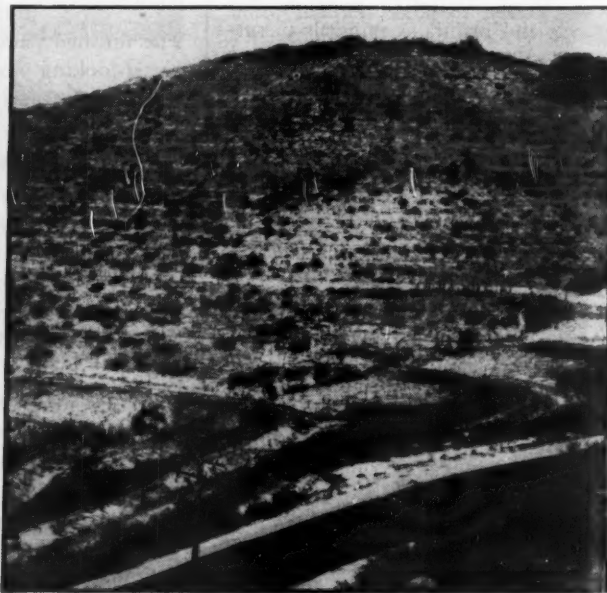
FIRST-AID TREATMENT: Planting of tall cane and sudan grass prevents more drifting, paves way for soil restoration

Better Farming: One Step on "Road to Survival"

Erosion, blighting farmlands, may blight industry too. Proper planting will halt waste, help keep world fed and prosperous, writes William Vogt in plea for conservation of natural resources.



BAD FARM METHODS did this to a 25% slope. Water has taken off topsoil and formed gullies

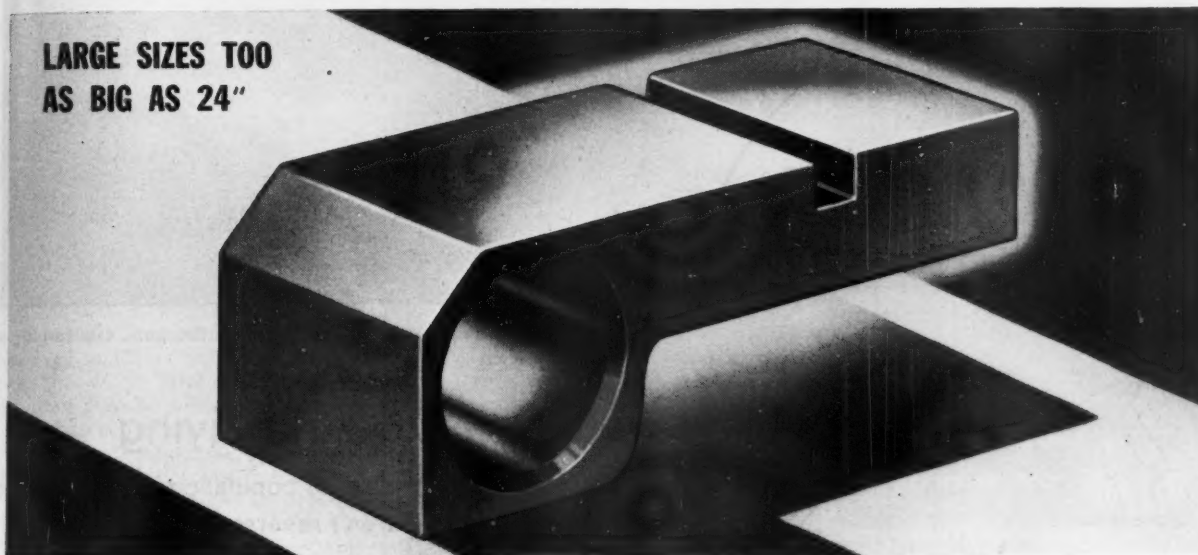


THE SAME SLOPE after two years of terracing. Vegetation has returned, no more soil washes off (TURN TO PAGE 82)

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Finished OILITE parts made from metal powders offer you many advantages including the following:

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DUSTBOWL IN TEXAS: Wind and water took the topsoil off this farm, fast turning a once-prosperous property into desert

Arid Acres Point to Arid Living

Dwindling food supply and rising population indicate lower living standards for all if trends aren't reversed, expert says.

Sand-drifted farmlands, bare of tree and water, are silent evidence that the peoples of the world may not need an atom bomb to call a halt on civilization. Peacefully, but quite efficiently, we seem to be working out our own destruction.

• **Standards Down**—In his best-selling book, "Road to Survival," William Vogt works out this thesis. We can expect, he says, a declining standard of living—world population is going up, world food resources are going down.

(Vogt, a conservation authority, is chief of the conservation section of the Pan-American Union; his book is published by William Sloane Associates, Inc., New York; price: \$4.00.)

• **Too Little for Too Many**—World population is already too big for the available food supply, Vogt claims. That supply will grow smaller because wind and water are wearing away the world's topsoil. He'd like to see much more attention paid to (1) conserving the soil, and (2) keeping down population.

Last week, experts who had been thrashing out the problem of food resources—largely as a result of Vogt's prodding—wound up a conference in Denver. Attending it were representatives of all 21 of the American republics and of many U. S. groups concerned in conservation. The conference's recommendation: That the American republics set up agencies to protect and enrich

their land resources. The ticklish birth-control question was pretty well ducked.

• **Industry's Stake**—Vogt's book points out that industry has a vital stake in soil conservation because (1) many of its raw materials come from food and fibers grown in topsoil; and (2) the purchasing power of its customers depends directly or indirectly on topsoil. If the farmer has a poor crop, he can't buy a new car. And the industrial worker has to pay more for food, must cut down on other purchases.

• **Cause and Cure**—In the U. S., says Vogt, the topsoil on sloping land is held in place by grass or forest cover. When this cover is broken up by careless cultivation, the land may be highly productive—for a while. Then erosion sets in.

Vogt quotes latest erosion figures to show that 282-million acres of U. S. land have been pretty well destroyed by erosion, and that erosion is active on 775-million acres. Together, these add up to about 55% of all land. The Dept. of Agriculture is working in cooperation with local farm groups to halt this trend—by teaching farmers to plant trees and grass, and to terrace sloping fields (pictures, page 80).

• **Vicious Circle**—As topsoil wears off, the land loses some of its capacity to absorb rainfall. So less moisture goes into the ground to maintain the water table. More rainfall runs down the watershed.

the water table drops, and after heavy rains there are floods (BW—Feb. 28 '48, p. 24). The heavier runoff of flood water speeds up erosion—so the vicious circle gathers momentum.

Topsoil that washes away into the ocean is more than dirt—it's steaks and milk and potatoes, woolen suits and cotton shirts, rayon dresses, lumber and newsprint. When topsoil goes, you have higher prices and a lower standard of living for everyone.

Vogt points out that no country has ever industrialized unless it had access to plenty of productive land—or unless it had a ready outside market for its manufactures. For this reason, he thinks that the industrialization of China, India, and most of the countries of Latin America will be a hard slow process. Their soils are worn out. Results: Their domestic purchasing power is too low to absorb the products of heavy industry.

• **Too Many People**—Even if careful cultivation methods brought the world's soils back into shape, Vogt thinks that world population would soon outgrow world capacity for producing food. Science, even in China and India, has cut down the death rate and, therefore, more than doubled world population in the last two centuries.

What science should do, Vogt thinks, is turn its mind to developing a method of birth control that would be dependable under all circumstances and at the same time acceptable to religious leaders.

• **The Author**—Vogt was born on Long Island in 1902. After graduating from college he specialized in the study of birds, and held various scientific posts in this field. Gradually he branched out into ecology, the study of the relationships between living beings and their environment. He has made a number of conservation studies for Latin American governments.



CRUSADER for conservation: William Vogt



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People like the Collinses

LIVE WELL



THERE are a lot of things a good dairy farmer knows. For one thing, it takes good blood to build a good herd. For another, where there's good farming there's bound to be good living.

Take the George Collinses, for instance, Country Gentleman subscribers out in Wright County, Minnesota . . .

The Collins' registered Jerseys produced 6154 pounds of butterfat last year—eighth highest record among the 260 members of their co-op. The Collinses go after results and get them, through smart management of cattle and crops and well-applied muscle and hustle.

"It keeps you stepping to get the most out of it," says George Collins. But there is a



THE BIG INTEREST of Jane and teen-age chum is clothes, often shopped for in Minneapolis. Jane, sophomore queen at high school, plans physical education course at college.

The best people in The Country

turn to Country Gentleman for Better Farming, Better Living

because they FARM WELL

world of satisfaction for him and his active family in turning their carefully planned good farming into good living.

It's hard to believe that George and the Mrs. started off with next to nothing. You can see what they have today—modern house, wonderful "home." But some of the things you can't see are the Collinses' freedom from debt—and the way they think, and plan, and pray.

In the October *Country Gentleman*, a fascinating word-and-picture portrait of the Collinses becomes part of the immensely popular "Good Farming—Good Living" series, depicting the rich life on the land as it is lived by *Country Gentleman's* own readers, "the best people in the country."



THE BUSY COLLINSES enjoy their home and community affairs. George has been president of County Fair, is secretary of School District; Mrs. Collins teaches Sunday School.



WHEN POWER came, the Collinses bought electric stove, refrigerator, water heater, pressure water system.



FRESHLY PAINTED farm buildings and well-kept barnyard and grounds distinguish the Collins' place.



DICK COLLINS and his father taking their high quality Jersey milk to the co-op. Dick has five Jerseys of his own.



GEORGE once refused \$2300 for this bull. Starting with no resources, the Collinses now have 50 head.



THE COLLINSES know a registered herd pays. Here are son Dick and daughter Jane with a fine Jersey dam. Jane, trained by her dad, is an expert hand in the show ring.

Country Gentleman

2,300,000 circulation concentrated among the "top half" farm families who receive 90% of the nation's entire farm income.

FINANCE



OUTPOST STORES like this at Yellowknife, and . . .



CITY STORES like this in Vancouver are a tiny part of . . .

The Hudson's Bay Co.: Giant of the North

Oldest company in North America (278 years) made \$1-million last year, still has plans for growth in the future.

The oldest company doing business on the North American continent is not, as many might guess, in the U. S., but in Canada. The famed, romantic Hudson's Bay Co. was born on May 2, 1670, when King Charles II of England scratched his signature on a royal charter. The closest thing to it agewise in the U. S. is Philadelphia's Perot Malting Co. (BW—Feb. 9 '46, p30). It was founded in 1687, 17 years later than the Hudson's Bay Co.—and is also still going.

• **Company of Adventurers**—The royal charter was signed for King Charles' cousin, Prince Rupert, and 17 other "noblemen and gentlemen." It permitted them to incorporate themselves as "the Governors and Company of Adventurers of England Trading into Hudson's Bay." Their sole job in the beginning was to import furs and skins into Great Britain. They were to get them by barter from the natives who lived in the wilderness of the Canadian northland.

Fur-trading is still an important part of the H.B.C. business. But since those first days, the company has expanded into many new fields and new lines.

• **Sound Business**—Any company that can keep going for 278 years obviously has a sound business base. Recently the "proprietors" (stockholders) of H.B.C. learned how firm that base still is. Sir Patrick Ashley Cooper, governor of the company, reported to them last month at the 279th "Annual General Court." Here's the good news he had for them:

(1) On Jan. 31, 1948, H.B.C.'s assets, after deducting depreciation reserves,

totaled £14,239,000 (about \$57-million).

(2) Current assets are more than double current debts.

(3) Working capital rose about 47% during 1947 to about £5,990,000.

(4) Capital, capital reserves, and undistributed surpluses last year totaled some £7,499,000.

(5) Net income from trading operations added up to some £226,000 (\$1-million). This made 1947 one of the most profitable years in H.B.C.'s history.

• **Frontiersman**—The Hudson's Bay Co.'s home office is at Beaver House, Great Trinity Lane, London. Yet the company wears the garb of the frontiersman rather than that of the English nobleman, for it has always carried on the bulk of its business in the vast Canadian wilderness. For example, its famed chain of fur posts extends more than 600 miles north of the Arctic circle.

Besides trading in furs, H.B.C. operates the oldest chain of retail stores in North America. It is still expanding the chain, now has close to 300 units. These range from general stores like those at H.B.C. outpost stations to its 19 modern department stores like that in Vancouver (pictures, above). In between these extremes are the small "smart" shops which it runs in Rocky Mountain resorts like Banff and Jasper.

• **Real Estate, Dog Sleds**—The activities of H.B.C. today are many and varied. For example: For many years it has sold and rented real estate, and hay-growing and wood-cutting rights. And a vital part of the company is its widespread

transportation division. This gives both passenger and freight service on ocean-going steamers, paddle-wheel river vessels, motor boats, airplanes, and dog-sleds.

H.B.C. subsidiaries have lately gone in for developing Canadian oil and gas resources—including the promising Leduc field.

• **Monopoly**—All this happened largely because the original charter, granted to the "company of adventurers," was a wide-open document. It gave H.B.C. a monopoly on the trade moving in and out of all lands watered by streams flowing into Hudson Bay. It also gave the company all legislative, judicial, and executive powers covering the huge territory—which Prince Rupert's partners christened "Rupert's Land."

The Hudson's Bay Co.'s first operations in the fur business were a smash hit—too much so for its own good. By concentrating on fur trading, and making few efforts to colonize the land, it got into hot water back home.

• **Troubles**—Some 80 years after it was founded, legislators learned that H.B.C. had established only about four or five coastal forts in its territory, had only 120 regular employees. Result: A serious effort was made in Parliament to deprive H.B.C. of its charter for nonuse of its rights.

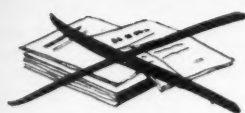
This move fizzled, but the company soon found itself in trouble of another kind. The French dominated the part of Canada—east of the Great Lakes—which H.B.C. didn't control. By competing in furs, they were causing H.B.C. to lose a big chunk of its trade.

• **Competition**—H.B.C. thought things would look up when France finally ceded its Canadian empire to the British in 1763. But instead, things got

9



Ways to Sell more, Save more by using United Air Freight



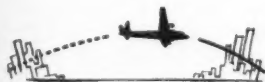
1. REDUCE INVENTORIES. Lessen risk and expense of big stocks. Let United Air Freight move in supplies as you need them.



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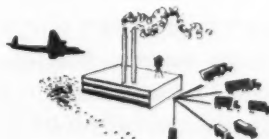
5. SPEED TURNOVER. Get products out of slow-moving, money-losing "pipelines." Use United Air Freight to speed sales and profits.



6. INCREASE SALABILITY. Rush fruits, flowers, sea food, and like products to market at the height of freshness on United.



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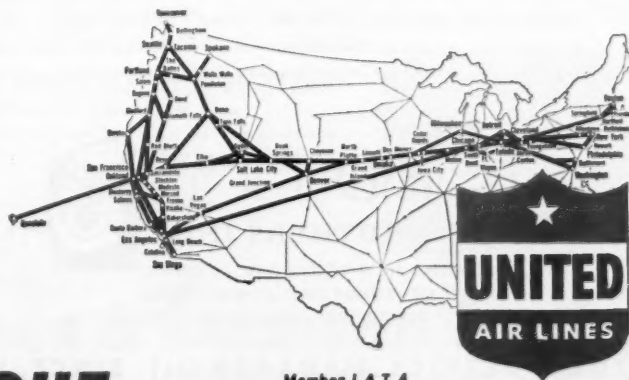


8. KEEP PRODUCTION MOVING. Avoid costly interruptions. Specify United Air Freight for shipment of parts and supplies.



9. SAVE ON INTEREST. By keeping goods moving — and out of non-productive storage or slow transit — you have less money tied up.

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Betty is a clerk in U. S. Rubber's Style Gaiter Department and she can speak for the entire working force, more than half of whom are women. They not only appreciate the convenience of having appetizing, hot food available on the job but as Betty adds, they like the "good food at reasonable prices."

Experts in their field, U. S. Rubber looks to Crotty Brothers, Inc., experts in in-plant feeding, to relieve them of the problems of running the employee restaurant. After 10 years' experience at Naugatuck, the U. S. Management has indicated its satisfaction with Crotty Brothers by extending this food service to its Providence and Eau Claire plants.

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worse. The reason: Independent fur traders began operating all over the country, sharpening competition more than ever.

To fight H.B.C. better, several of the independents finally banded together, formed the North-West Fur Co. Competition now reached the throatcutting stage—with the result that the trade's future supplies were threatened by the indiscriminate slaughter of fur-bearing animals.

• **New Horizons**—In 1821, things smoothed out again for H.B.C. Its fur interests were merged with those of North-West. The new combine wanted to make sure that it didn't go through anything like that again. So it got trade monopoly rights covering vast regions west and northwest of H.B.C.'s original Hudson Bay grant. In 1838, this new grant became the exclusive property of H.B.C.

But Canada was growing up; it no longer cared for monopolies. So when the grant expired in 1859, it wasn't renewed. And by 1869, the company surrendered all its original rights to Rupert's Land. The Canadian government bought them for £300,000 (at that time \$1.5-million).

But H.B.C. was a long way from being out of business. Under the terms of the sale, it kept ownership of all its posts and stations, plus the right to claim a block of land adjacent to each. It also retained rights to additional acreage in the so-called "fertile belt" of its once exclusive domain. Up to 1924, date of last report, it had picked up 6.6-million acres of land by exercising these rights.

• **Still Growing**—Hudson's Bay Co. is as vital today as it was when it was founded. It still thinks of its future in terms of growth. It hints that it may invade the eastern part of Canada, which it has so far ignored. If it does, it will set up retail stores in the cities and towns, as it plans to set up more in the parts of the country where it has operated in the past.

H.B.C. is probably more interested in the small community than it is in the big cities. As a frontiersman itself, in fact, it seems to feel more at home out in the wilderness. So it will continue chiefly to develop retail stores throughout Canada which are tailored to bring customers "in smaller communities unequalled service to satisfy their requirements."

• **Service**—H.B.C. is almost a part of the northland which gave it its start and kept it successful. And even today, whenever a mining strike or the like makes a new settlement spring up, the inhabitants can be sure of one thing: Before long, a new Hudson's Bay Co. store, stocked with general merchandise ranging from food and clothing to dynamite, will open up to serve them.

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GENERAL ELECTRIC

with a concern like Atlas behind it, financing probably won't present a major problem.

• **Building for Boeing**—Atlas Corp., which acquired Convair less than a year ago, has been quietly busy in diversifying the company. Almost at the moment when Odlum broke the news of the finance company, La Motte T. Cohu, president of Convair, announced that the San Diego plant had received a sub-contract of \$5-million and \$6-million to build 167 nose fuselage sections for Boeing Airplane Co. This is the first major sub-contract taken on by the San Diego plant.

• **Air Force Contract**—In another direction, Convair reports progress in getting an Air Force contract to make a military version of the Convair-Liner. The military plane would be designated the T-29. Glenn L. Martin Co.'s 2-0-2 is also in the running for this contract (page 40).

R. J. Reynolds Seeks \$86-Million Capital

R. J. Reynolds Tobacco Co., long one of the nation's three biggest manufacturers of tobacco products, is about to ask the public for \$86-million in new capital. Reason: The company needs more money to carry the larger inventories which are required by the increase in sales.

• **Preferred and Debentures**—Reynolds will soon sell \$26-million of new preferred stock, and \$60-million of 25-year debentures. The dividend and interest rates these securities will carry haven't been disclosed as yet; chances are that they won't be until just before the securities are offered for sale.

According to present plans, holders of the company's outstanding common stock will get first crack at the new preferred stock. The debentures, however, will be offered publicly. And the entire operation will be underwritten by a nationwide investment banking group headed by Manhattan's Dillon, Read & Co., and Reynolds & Co.

• **Costly Operation**—Carrying larger inventories has been a costly operation for the tobacco company, partly because of the higher prices it has had to pay in recent years for leaf tobacco (BW—Aug. 28'48, p69).

To augment its working funds the company sold \$49-million of new preferred stock back in 1945. But this only eased the situation, and since then Reynolds has found it necessary to finance an increasingly large part of its inventory through bank loans. The company plans to use the proceeds from its new financing to reduce the short-term loans now outstanding (at the close of 1947 they totaled \$100-million).

Chartered Ships

The Maritime Commission is cutting down on the number in operation. Reason: The post-war shipping boom is over.

If you operate a shipping company and all you own is a desk—no ships—December may find you looking for another job.

• **New Rules**—The Maritime Commission, after a sweeping review of world shipping requirements, last week revamped its regulations on ships chartered to private operators. Here are its ground rules for the nation's 78 shipping companies:

OPERATORS WHO DON'T OWN any cargo or passenger vessels of their own (1,500 gross tons or over) will have their charters terminated on Nov. 30.

OPERATORS WHO DO OWN some ships will be limited as to the number they may charter from the commission—according to set ratios of chartered to privately owned ships. Anything now chartered beyond that ratio must be returned by Dec. 1.

• **Ratios**—The number of chartered ships allowed operators will vary according to



Heads Accountants

Percival F. Brundage, partner in Price, Waterhouse & Co., New York, is the new president of the American Institute of Accountants. Brundage was elected last week at the 61st annual meeting of the A.I.A. in Chicago. T. Coleman Andrews, partner in an accounting firm bearing his name, and J. William Hope, chairman of the board of examiners of the institute, were elected A.I.A. vice-presidents.

the kind of ships they own. They may have: two chartered Liberty vessels to each Liberty or similar ship actually owned; four chartered (any type) to each Victory, C-1, or C-2 owned; three chartered (any type) to each CI-MAV1 owned; five chartered (any type) to each C-3 owned.

The commission has clamped down on operators who act as agents for foreign shipping companies that compete with U. S. lines. They are automatically barred from chartering any vessels at all—though the commission left a loophole permitting exceptions in individual cases under certain circumstances. Also on the disqualified list are those U. S. operators who own or charter foreign-registered vessels.

• **Affects Many**—The new regulations apply to all U. S. operators, and directly affect nearly half of them.

There are 13 companies which own no ships of their own but operate 54 chartered vessels all told. These companies will either have to buy some ships or go out of the shipping business. Nearly a quarter of the remaining operators will have to turn in a total of some 50 chartered ships to pare the number down within legal bounds. The commission thinks that this will reduce the ships out on charter to 451.

The commission didn't spring its rulings without warning. Last April it ruled that there would be no more vessels chartered to nonowners.

• **Background**—Here's what lies behind last week's drastic moves:

(1) The unusually heavy postwar demand for shipping is leveling off.

(2) Foreign shipping has been rebuilt to near prewar levels—in some cases above 1939 figures.

(3) The number of ships owned privately by U. S. operators has been steadily increasing—many operators chartered ships merely until surplus ships which they had bought had been reconditioned. Last January the shipping lines were operating 1,128 ships on charter, 1,003 privately owned ships. This ratio has now changed to 586 chartered ships, 1,198 privately owned.

(4) Private operators have got back many ships that were requisitioned during the war.

• **Rate Softening**—Steady increases in ocean freight capacity available, coupled with decreased demand, has brought signs of rate softening. The commission hopes that limiting the number of chartered ships will bring about some measure of protection for the operator with a heavy investment in ships of his own. The commission points out, however, that in any case its ability to charter ships expires Feb. 28, 1949, with the Merchant Ship Sales Act. So the commission's current orders merely speed up the day of reckoning for nonowning operators.

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THE MARKETS

The Story of Commodity Price "Spreads"

	Beginning of Year			This Week		
	Nearby Futures	Distant Futures	Spread	Nearby Futures	Distant Futures	Spread
Wheat	\$2.96	\$2.59½	—\$0.36½	\$2.23½	\$2.15½	—\$0.07½
Corn	2.52	1.94½	—0.57½	1.36	1.40½	+0.04½
Oats	1.18½	.93½	—0.24½	.72½	.73½	+0.005
Cocoa .....	.3790	.3480	—0.0310	.3590	.3075	—0.0515
Coffee .....	.2212	.2036	—0.0176	.2164	.1969	—0.0195
Cotton .....	.3623	.3139	—0.0484	.3134	.3044	—0.0090
Cottonseed Oil ....	.300	.2693	—0.0307	.2020	.1770	—0.0250
Lard .....	.2647	.2675	+0.0028	.1777	.1765	—0.0012
Hides .....	.2990	.2495	—0.0495	.2398	.2165	—0.0233
Rubber .....	.2170	.1995	—0.0175	.2160	.2115	—0.0045
Sugar .....	.0520	.0485	—0.0035	.0522	.0490	—0.0032
Wool	1.85	1.70	—0.1500	1.610	1.645	+0.035

Futures Herald Stable Prices

Commodity markets no longer foresee sharp downturns in values in months ahead. Some drops already have taken place, so spreads between near and distant deliveries nearly vanish.

Most of the commodity markets have finally stopped betting against themselves. In fact, some of them are scarcely betting at all any more.

The big spreads between near and distant futures have closed up within the past few months (table, above). That means traders expect the prices of most commodities to stay just about where they are now.

• **Negative and Positive Spreads**—You can figure the spread for any commodity by subtracting the price of nearby futures contracts from the price of distant futures. In a time of stable prices, distant futures usually sell a shade above the nearby contracts; that is, there is a small positive spread.

But when traders think a drastic change in prices is on the way, the big spreads start showing up. If prices are expected to rise, these big spreads are

positive. If the traders are looking for a break in the market, the spreads are negative.

• **Long Predicted**—For the better part of two years after the war, the spreads were negative; and most of them were big. Traders were betting that a price decline had to come sometime, and they were taking no chances on being caught in distant futures. Consequently, nearby contracts brought wide premiums (or distant deliveries sold at discounts).

The cautious traders were wrong for a long time. A spill in commodity prices early in 1947 proved a false alarm. And the short corn crop that year sent prices skyrocketing again. But, the higher prices went, the more certain the final break became.

This year's huge wheat and corn crops turned the trick for grains. Big soybean, flax, peanut, and cottonseed yields did the same thing to fats and oils.

• **Government Supports**—Today, the nature of many of the commodity markets has changed. The federal government's support policy is the dominating feature. Some commodities, such as corn, wheat, and cotton, are supported at the farm level. Others—potatoes and flaxseed for example—are supported at terminal markets. Either way, the support price rules the market. Buyers refuse to pay more; sellers refuse to accept less.

This eliminates differences of opin-

Security Price Averages

	This Week	Week Ago	Month Ago	Year Ago
Stocks				
Industrial	150.7	155.4	157.7	145.8
Railroad	47.1	48.8	49.4	41.1
Utility ..	69.4	70.8	70.8	74.0
Bonds				
Industrial	96.6	97.8	97.7	102.7
Railroad	86.6	86.8	86.3	86.5
Utility ..	94.4	94.4	95.2	102.3

Data: Standard & Poor's Corp.

ion. And there can't be much speculative activity where there's no difference of opinion. Hence, nearby and distant futures alike have closed up at the support levels.

• **Some Premiums**—In a few cases, traders now seem to feel that prices have been knocked down too far. They are willing to pay a slight premium on contracts calling for delivery next year. They assume that supports will protect them against big losses, while exports and domestic demand might reduce supplies enough to tighten prices a little

before the contract is due to expire.

But there are still markets where tight spot situations pull the nearby deliveries up to sizable premiums over the distant futures. In coffee and cocoa, for instance, the premiums on nearby contracts are bigger now than they were at the start of the year. These are imported commodities. They are not covered by the government's support program. And traders are afraid that by next spring or summer economic conditions in this country may not continue to support the present record demand.

Blue Mondays Bog the Bulls

Technically, Wall Street still is in the midst of a bull market. But you would have a hard time finding a sadder bunch of bulls than those that roam the range of the New York Stock Exchange these days.

This week, the market had another one of its disastrous Mondays. And although it pulled itself together later in the week, it showed

no signs of starting a real upward movement.

At Monday's close, the industrial average was down 8.9% from the 1948 bull-market top. The rails were off 11.6%. But among individual issues, many of the losses were far more severe.

Here is how 40 representative issues have made out lately:

	1942-46 Bull Market High	Subsequent Low	1948 High	This Week	% Loss From 1948 High
Industrial Common Stocks					
Dow-Jones Average.....	212.50	163.12	193.16	175.99	8.9%
Allied Stores.....	\$63.37	*\$25.00	37.13	30.88	18.2
American Can.....	112.12	75.25	92.75	81.50	12.1
American Smelting & Ref....	73.75	*46.75	68.00	55.00	19.1
American Tobacco.....	100.25	*54.25	69.75	60.00	14.0
Anaconda Copper.....	51.87	*30.50	41.25	34.63	16.1
Bethlehem Steel (1).....	38.25	25.50	38.00	34.50	9.2
Borden Co.....	57.75	*38.00	44.63	40.50	9.3
Chrysler Corp. (1).....	70.50	37.62	65.75	55.00	16.4
Du Pont.....	227.00	161.00	188.88	169.00	10.5
General Electric.....	52.00	*31.75	43.00	37.88	11.9
General Foods.....	56.12	*34.00	41.00	36.75	10.4
General Motors.....	80.37	47.75	65.00	59.00	9.2
Gimbel Brothers (1).....	55.12	16.50	25.00	20.00	20.0
B. F. Goodrich.....	88.50	*47.25	64.00	57.88	9.6
Gulf Oil.....	78.00	57.50	81.00	67.25	17.0
Int'l. Harvester (1).....	34.00	23.37	34.25	26.75	21.9
Johns-Manville (1).....	55.87	*33.25	42.25	33.63	20.4
Montgomery Ward.....	104.25	*47.25	65.00	53.25	18.1
Paramount Pictures (1).....	39.62	*18.25	26.38	20.88	20.9
Sears Roebuck (1).....	49.62	30.12	42.25	37.75	10.7
E. R. Squibb.....	55.00	*21.63	29.25	23.12	21.0
Standard Oil (N. J.).....	78.75	61.62	92.88	73.50	20.9
Swift & Co.....	41.12	*29.25	36.88	29.38	20.3
Union Carbide (1).....	41.62	29.75	43.00	39.00	9.3
United Air Lines.....	54.25	11.13	19.25	11.13	42.2
United Fruit (1).....	53.62	41.50	58.50	50.25	14.1
U. S. Rubber.....	80.00	*38.50	49.63	42.88	13.6
U. S. Steel.....	97.37	61.62	83.50	77.25	7.5
Westinghouse Electric (1)...	39.75	21.12	33.25	26.13	21.4
Railroad Common Stocks					
Dow-Jones Average.....	68.31	41.16	64.95	57.45	11.6
Atch. Topeka & Santa Fe.....	\$121.00	\$66.00	120.63	115.13	4.6
Atlantic Coast Line.....	83.00	40.50	62.00	51.25	17.3
Chesapeake & Ohio.....	66.87	*37.00	45.25	37.00	18.2
Great Northern (Pfd.).....	64.00	34.50	50.88	40.50	20.4
Illinois Central.....	45.50	18.12	42.38	34.25	19.2
Louisville & Nashville (1)...	72.25	*38.50	50.00	43.75	12.5
New York Central.....	33.75	12.00	18.50	15.75	14.9
Pennsylvania.....	47.50	15.00	22.13	17.75	19.8
Southern Pacific.....	70.00	34.50	62.38	55.13	11.6
Southern Ry.....	65.00	28.00	50.25	41.50	17.4
Union Pacific (1).....	84.25	60.00	96.25	87.00	9.6

(1) Adjusted for stock splits.

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You Must Bargain on Pensions

Federal court decides—in a case involving Inland Steel—that employee benefits are subject to collective bargaining under Taft-Hartley law. Way now open for union drives in 1949.

A federal court decision last week may make pensions a bigger issue than wages in the next bargaining round.

The decision came via the U. S. Circuit Court of Appeals in Chicago, in a case involving the Inland Steel Co. and the United Steelworkers of America (C.I.O.). The court unanimously backed a National Labor Relations Board order that pensions and retirement benefits, like wages and hours, are within the realm of collective bargaining.

• **Boss Must Discuss**—Under this significant ruling the employer must: (1) at least discuss a pension plan if the union includes it in bargaining demands; (2) bargain with the union before making changes in any pension plan already in effect—whether or not the pension is a part of the union contract.

At the same time, the court repeated an old warning: Unions whose officers haven't filed non-Communist affidavits can't use the service of NLRB. The court said (2-to-1) that the affidavit requirement in the Taft-Hartley law is constitutional.

• **Conditions of Employment**—Unless reversed later on, the sweeping ruling opens the collective-bargaining door to union demands for pensions and similar employee benefits. That would include vacations, safety and health measures, seniority rights, implant feeding. The court held that these "are recognized as included in the bargaining requirements of the [Taft-Hartley] act, but are not specifically referred to."

Some of these benefits "could properly be designated as 'wages,' and

they are all 'conditions of employment.'" Hence, they are clearly a part of collective bargaining in the court's opinion.

• **To Congress?**—Inland Steel is appealing the case to the U. S. Supreme Court. If no reversal comes there on appeal, management is expected to seek relief in Congress.

The Senate-House "watchdog" committee already has seriously thought about restricting bargaining on welfare programs. It plans to include recommendations on this issue in its required report to Congress on Mar. 1. (As things stand now, the T-H law regulates, to some extent, the administration of union welfare funds, including pensions.)

• **Hartley's View**—But how far the "watchdog" group will go isn't clear as yet. Rep. Fred A. Hartley, Jr., committee vice-chairman, favors a return to the original wording of the House version of the T-H law. This would limit compulsory collective bargaining to "discussions of wages, hours, work requirements, promotions and discharge practices, safety rules and regulations, vacation policies—and nothing else." But since Hartley is retiring from Congress at the end of his term (Dec. 31), his recommendations may not be the "watchdog" committee's final word.

Instead, the committee may decide to leave pensions in the field of bargaining—but regulate them so as to assure sound plans and to protect the equity of individual workers.

Management views, as expressed at "watchdog" committee hearings, favor removing pensions and other benefits from compulsory collective bargaining. Management's reason: Pension plans should be based on carefully made actuarial studies—not hammered out at a bargaining table.

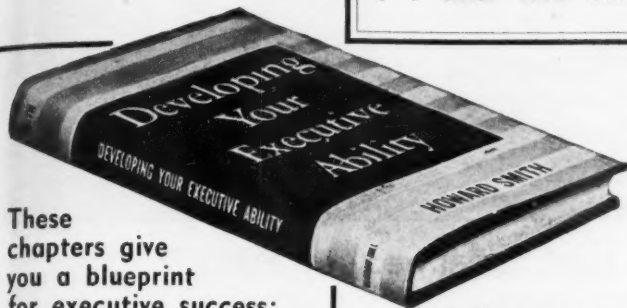
• **Inland's Program**—Inland Steel put its retirement plan in effect at its Chicago Heights and Indiana Harbor plants in 1936—before the advent of the United Steelworkers. It was never made a part of the union contract, and its provisions were never discussed with the union. During the war, Inland suspended its 65-year retirement rule because of the tight manpower situation. The present dispute dates back two years, when Inland reactivated the 65-year age limit and retired 224 employees. With living costs high, some didn't want to quit work. That's when the union stepped in.

The Steelworkers demanded the right to bargain over the physical fitness of each employee who balked at retirement. It also insisted that the pension plan be made a part of the union contract, hence subject to collective bar-

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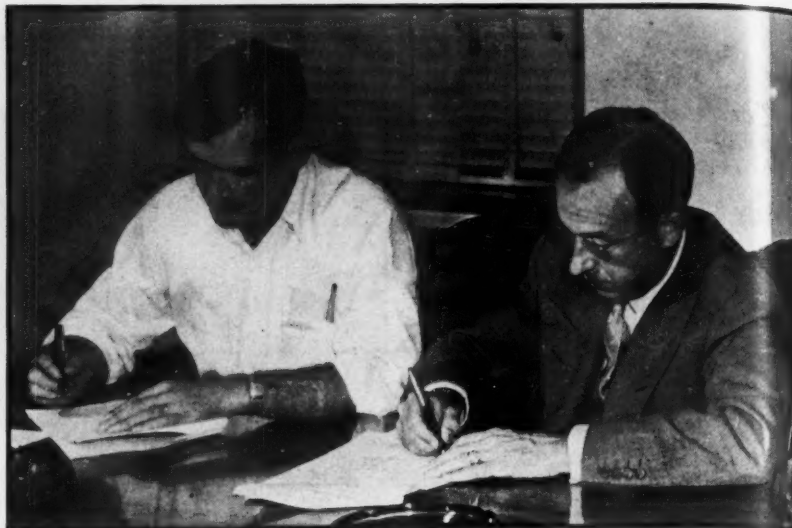
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Birth of a Joint Social Security Plan

John Cotter (left), of C.I.O.'s United Auto Workers, and Edgar F. Kaiser, Kaiser-Frazer Corp. vice-president and general manager, last week signed the auto industry's first agreement on a jointly run social security plan. It will go into effect Oct. 1 at Willow Run, and will cover 11,000 members of U.A.W.'s Kaiser-Frazer Local 142. Major benefits include a \$2,000 company-financed life insurance policy for each employee; \$15-a-week sickness and accident benefits for up to 13 weeks; prepaid hospitalization up to a

maximum \$150. The program will be run by a management-union board of trustees. Costs will be met from a fund created by company payments amounting to 5¢ per hour worked by each employee. As the fund builds up, other benefits will be added. The social security plan replaces the former K-F production bonus program for employees (BW—Jun.19'48,p106). It is a part of a broad program being sought by U.A.W. for all auto industry contracts (BW—Jun.19'48,p107).

gaining. When Inland refused, the union hailed it before NLRB on a charge of refusal to bargain. Although the case was filed in pre-T-H days (when non-Communist affidavits weren't required), NLRB didn't get around to the case until this year. It upheld the union with an order requiring Inland Steel to bargain on the pension issue—but made the order conditional on Steelworker officers filing non-Communist affidavits within 30 days.

● **Setback for Both Sides**—The Steelworkers' president Philip Murray refused to comply, on principle, and the union decided to make a constitutional test of the affidavit requirement. Inland Steel also appealed the NLRB decision, contending that "it is not required under terms of the [T-H] act" to "bargain concerning a retirement and pension plan."

The court decision came as a setback for both union and employer. It leaves the situation at Inland unchanged as long as the union does not comply with the T-H law. But other companies whose unions are in compliance are on the spot: If the union demands it, they've got to bargain on pensions—at any rate until there's either (1) a change in the court order, or (2) a change in the law.

Deadlock Continues In Refinery Walkout

Efforts to end the four-week California oil refinery strike will be resumed next week by federal and state conciliators. So far there is no sign of any change in the bargaining deadlock between major employers and C.I.O.'s Oil Workers International Union.

Employers are sticking to their "final offer" of a 12½¢ hourly wage boost. The union originally asked for 22¢, to bring the California scale up to pay rates in Texas and the East. It has offered to settle for 19¢ retroactive to Sept. 1, and 17½¢ retroactive from Sept. 1 to July 3.

The oil strike was one of two important West Coast tieups studied this week by Cyrus Ching, director of the Federal Mediation & Conciliation Service. The other was the continuing C.I.O. longshoremen's strike on the hiring-hall issue (BW—Sep.11'48,p108).

Ching visited the West Coast on a routine trip, scheduled before either major strike developed. While there, he took time out to talk over oil and dock labor problems, but didn't intervene personally in the disputes.

Small Union Loses

Plant-guard walkout at Briggs folds. Reason: U. A. W. withdrew backing. Failure may retard splinter organizing.

Assembly lines of two major auto companies—Chrysler and Packard—rolled again this week after a 15-day shutdown. The stoppage was caused by a strike at Briggs Mfg. Co.

The Briggs tieup ended when the striking independent Plant Guard Workers of America accepted the company's contract terms. Briggs said the terms were "the same in every detail as those offered on the eve of the strike."

• **Lesson**—The failure of the plant guards' walkout emphasizes an important fact for the auto industry: Minor unions can pull off strikes in auto plants only if the C.I.O.'s United Auto Workers want them to. U.A.W. backed the P.G.W.A. strike for two weeks. When it withdrew, the strike flopped.

This fact is expected to slow down new organizing efforts of plant-guard unions in the auto industry (BW—Sep. 18'48, p116). Its lesson is not likely to be lost on small groups of craftsmen who have been thinking about bolting U.A.W. to set up A.F.L. crafts units.

• **Background**—Briggs plant guards struck two weeks ago in a dispute over union demands that the company pay for: (1) 15 minutes of "preparatory time" before the start of a shift, and (2) week-end work at premium rates. The union lost on both points. The company agreed to continue paying for five minutes of "preparatory time" daily, as provided in an expired contract. It made other minor concessions—all offered before the strike.

The plant-guard union represents 170 workers in eight Briggs plants. It was able to shut down production of auto bodies only because 25,000 U.A.W. members observed its picket lines.

By the end of last week, the number of U.A.W. members idle had climbed to 100,000—including Chrysler and Packard workers laid off due to the shortage of bodies. Other U.A.W. members in plants that supply parts to Chrysler and Packard had received layoff notices. Lost wages of U.A.W. members had topped \$9-million.

• **Not Worth the Candle**—Result: U.A.W. decided that backing another union's "petty" fight with management wasn't, in this case, worth the price. It served an ultimatum on P.G.W.A.: If the independent did not settle with Briggs at once, U.A.W. production workers would cross the picket lines. P.G.W.A. signed with Briggs within a matter of hours—at Briggs' terms.

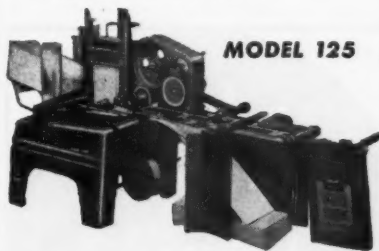
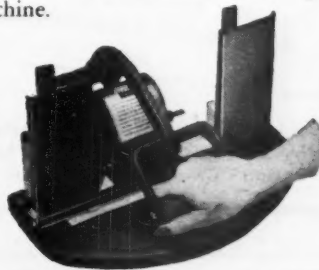
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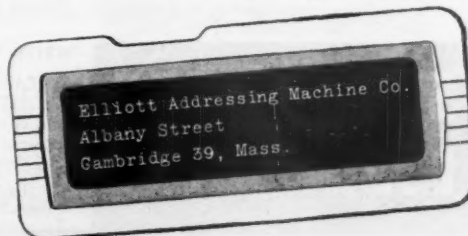
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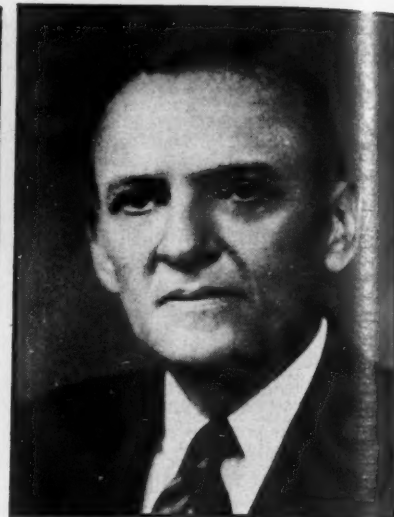
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EXECUTIVE DIRECTOR Vincent P. Ahearn guides Safety Conference in its . . .

Full-Dress Study Of Industrial Accidents

The next administration—no matter whose it is—will be handed a ready-made plan in 1949 for dealing with the problem of industrial accidents. Work on it got under way this week at the opening session of the National Conference on Industrial Safety in Washington (BW—Sep. 25 '48, p102). Vincent P. Ahearn (picture), labor-wise executive secretary of the National Sand & Gravel Assn., heads up the project as executive director of the conference.

• **Eliminating Waste, Suffering**—The conference's over-all goal: to find a way to eliminate the waste in dollars and human suffering caused by work injuries. President Truman called the preliminary session of the conference to map the fields of study and to name committees for a six-months' investigation of industrial safety problems.

Scope of the project is suggested by the names of the seven committees that have been put to work: (1) Programs and Services; (2) Research; (3) Analysis and Use of Accident Records; (4) Engineering; (5) Laws and Regulations; (6) Labor-Management Cooperation; and (7) Education for Safety.

• **Spring Conference**—Ahearn's job during the next six months will be to keep tabs on the committees—and to prod them on, if necessary.

The policy-making conference will be convened in Washington next March 31 and April 1. It will include more than 750 invited guests—representatives of industry, labor, government, educational and civic organizations, trade associations, safety organizations, and insurance groups. The final report to be submitted to the White House will be approved by the full conference.

LABOR BRIEFS

POLITICAL-SPENDING curbs on unions in the Taft-Hartley law were upheld last week in New Haven federal court. A painters' local was fined \$800 for using union money to buy radio time and newspaper ads in a political campaign. A.F.L. will appeal for a court test.

RECENT WAGE INCREASES in labor contracts include: Ansco Div. of General Aniline & Film, and A.F.L. Chemical Workers, 14¢ to 2,900 production workers; California's Union Oil, and Independent Union of Petroleum Workers, 12¢ to 1,089 workers; Jones & Laughlin, 12¢ to 18¢ for C.I.O. Steelworkers at the Benson, N. Y., iron mines.

JOHN L. LEWIS' backing in the Mine Workers is more solid than ever, thanks to U.M.W.'s pension program (BW-Sep.18'48,p120). Lewis and his hand-picked officers have been nominated for re-election, without opposition, to serve until March 31, 1953. But Lewis might retire earlier because of his health.

C.I.O. AUTO WORKERS' financial affairs are in the "soundest condition in a great number of years," according to a union report. Liquid assets totaled \$2,032,391 on Aug. 31—up \$585,437 in three months, and the strike fund had \$860,033. Two years ago, U.A.W. was in the red.

NO RETURN TO A.F.L. is in the cards for the Machinists. Their convention in Grand Rapids was bitter last week over Teamster raiding during the Boeing strike (BW-Sep.25'48,p108). A.F.L. per capita dues that the union has been holding in escrow are to be turned back to the union treasury.

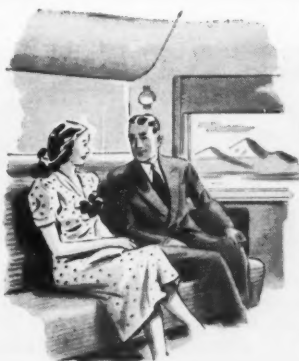
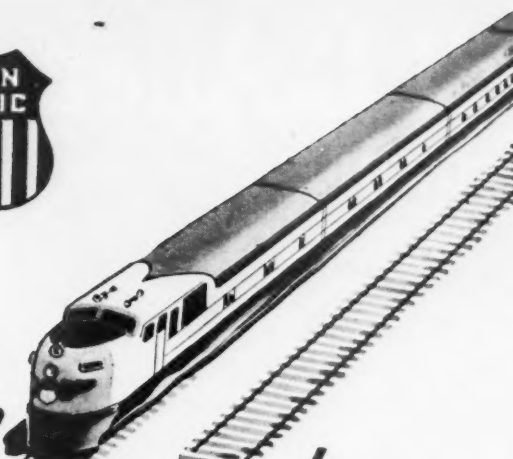
A SIX-WEEK STRIKE at Goodrich's Marietta (Ohio) plastic plant ended this week. A.F.L.'s Chemical Workers settled for an 11¢ raise two days after the company threatened to close the plant.

TRUMAN ENDORSEMENT was voted this week by the New Jersey Federation of Labor, which represents 250,000 A.F.L. members.

SHIPYARD "LEAD MEN"—in charge of production gangs—are supervisors under the Taft-Hartley act. They can't be members of a union which also includes rank-and-file workers. NLRB so ruled this week in the Merrill-Stevens Dry Dock & Repair Co. case, brought by C.I.O.'s Marine & Shipbuilding Workers. The decision reversed board policy under the old Wagner act. It also will be applied in longshoring, construction, and several other industries.



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Costly "Fringe"

Invisible labor costs—vacation, premium pay, other benefits—take 11% of regular hourly payroll, survey shows.

The amount that "fringe" costs add to payrolls is a headache—and a puzzle—to many management-men these days. They wonder: How big are the fringes getting?

The Rhode Island Textile Assn. recently analyzed payrolls of 61 textile mills to get an answer to this dollar-and-cents question. What it learned should prompt employers to look into their invisible pay envelope—the money paid out for time not worked (vacations and holidays), for insurance benefits, and as premium pay. Here are the highlights of the Rhode Island survey:

The annual cost of fringe benefits in contracts which cover 26,166 workers amounts to \$17,274,200. Of this, \$9,381,000 is a "nonproductive" labor cost; it isn't offset by goods produced. The remaining \$7,893,000 goes into shift differentials and premium pay for overtime or week-end work. Management does get a return from this in goods produced, but at a higher cost per unit.

On an hourly basis, fringe benefits cost the 61 mills an average of 14.6¢ per employee for each hour the mill is running.

Percentage-wise, this amounts to 11% of the regular hourly payroll.

The payroll analysis was made by William H. Briggs, Jr. Estimates are based on a 2,000-hour work-year; that's considered standard in the Rhode Island textile industry.

Briggs took into consideration only those fringe costs that are common in Rhode Island textile contracts. He did not include pension and retirement programs, year-end bonus plans, housing aid, and company-paid transportation.

• **Cost Breakdowns**—Here's how the weighted hourly averages for fringe costs break down:

Vacations, 3.53¢; paid holidays, 2.36¢; insurance, 2.06¢; overtime and other premium pay, 5.5¢; shift differentials, 1.19¢; total, 14.64¢.

The breakdown by different types of mills is:

Woolen and worsted spinning and processing mills showed fringe costs totaling 17.51¢ an hour; woolen and worsted weaving, 16.74¢; finishing, 16.70¢; cotton and rayon spinning and processing, 14.56¢; cotton and rayon spinning and weaving, 13.10¢; narrow fabrics and braid, 11.11¢; and Levers lace manufacturing, 10.74¢.

• **Indirect Costs**—The analysis did not go into another, and indirect, form of

labor cost: social security taxes, and unemployment insurance and workmen's compensation levies. They definitely belong in the picture. They may add as much as 6% of total payroll (BW—Nov. 22'47, p108).

The Automotive & Aviation Parts Manufacturers, Inc., Detroit-based trade group, has also made a study of fringe payments. It figured that the total cost came to about 12.25¢ an hour (BW—Mar. 20'48, p116).

Employer Must Give Pay Facts, Says NLRB

Management must let a union have data it needs to do its full job in representing employees on the subject of wages. If a company doesn't do so, it's not bargaining in good faith under the Taft-Hartley law. That's an "unfair labor practice."

This latest National Labor Relations Board interpretation of "bargaining in good faith" held employers' attention this week. It came in a case involving Dixie Manufacturing Co., of Columbia, Tenn., and the Amalgamated Clothing Workers of America (C.I.O.). NLRB upheld union charges that (1) the company consistently interfered with union activities, and (2) it refused to bargain in good faith with a certified union. The board issued cease-and-desist orders against Dixie on both counts.

• **Unusual Complaint**—The unusual issue in the case was the union's complaint that the boss wouldn't give out facts needed for enlightened collective bargaining. Amalgamated contended that Dixie persistently refused to let it have information "relating to production requirements on government orders and methods used to calculate individual earnings, pay rates, and incentive bonuses." The union needed the figures, it said, for "rational bargaining conversations."

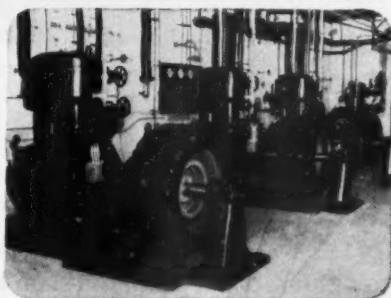
• **Whose Business?**—Dixie didn't think so. It argued that the information requested was "management's business—not the union's." NLRB disagreed. It decided that the union actually did need the information to represent members adequately in wage bargaining. Hence, the board held, management's action was an "arbitrary neglect of duty"—and an unfair labor practice.

The Pictures—Acme—24 (right); Harris & Ewing—38 (left), 98; Int. News—32, 55; McGraw-Hill World News—112; Soil Conservation Service—80, 82; Wide World—21, 94.



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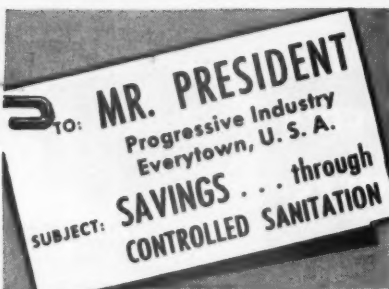
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UNION LEADERS Lloyd, Buckmaster, and Lanning (left to right) set sights on . . .

Rubber Union Unity

Even split in convention vote jolts factions together in harmony move which forecasts trouble for rubber employers in contract bargaining. Union takes stand with C. I. O.'s right-wing.

The rubber industry can expect tougher labor relations for the next 12 months: That's the real significance of the even split between opposing factions at last week's convention of the United Rubber, Cork, Linoleum & Plastic Workers (C. I. O.).

• **Victory by a Hair**—Opponents failed to unseat general president Leland S. Buckmaster by only two votes; Buckmaster won, 810-808, over challenger George J. Bass. On the other hand H. R. Lloyd, vice-president, squeaked through by a slim margin of three votes over a pro-Buckmaster candidate. Another member of the Bass faction, Charles Lanning, was reelected secretary-treasurer by 107 votes; although arrayed against Buckmaster, he took only a small role in the factional fight (BW—Apr. 17 '48, p. 113).

Buckmaster got four of his candidates in the 12 executive board posts; his opposition elected eight. The board split 10-2 against Buckmaster on most issues last year.

• **Result: Unity?**—The close vote after U. R. W.'s wildest and bitterest convention fight sobered both sides. Each had predicted victory by 100 to 300 votes. And while the top leadership squeezed through almost intact, the balloting had showed that no job was secure. The end result seemed to be an agreement to work together. Hence, the possibility of new unity in the union high com-

mand appears to be much stronger than the election scoreboard would indicate.

• **"Better Job"**—One of the strongest electioneering arguments used against Buckmaster was that he had been weak at the collective bargaining table. After votes were counted, the one-time teacher and former tire builder commented guardedly on the complaints against him: "Judging from the closeness of the race, I didn't do as good a job as I should have. I will try to do better this year." But he promised "a clean, honest union" instead of one "run by bombastic, irresponsible politicians."

Akron rubber men interpreted the statement as a pledge of a stronger U. R. W. bargaining offensive next year—but not the type of "get tough" policy advocated by Buckmaster's union adversaries.

• **Three Points Gained**—While Buckmaster kept his post by only a narrow margin, he won out easily on three issues. He had demanded that U. R. W. line up with right-wing C. I. O. policy by: (1) endorsing the candidacy of President Truman; (2) repudiating Henry Wallace's Progressive Party, and (3) supporting the European Recovery Program.

In opening the convention, Buckmaster assailed the executive board for failing to take a "clean-cut" stand on these issues, as he had requested. Board members fired back at him, charging he

was "dictator" and "tyrant" in his demands. In the convention's harmonious finale, the exchanges were forgotten; all hands joined to give Buckmaster unanimous backing on the three points.

This sign of unity and Buckmaster's victory, cheered national C.I.O. considerably. U.R.W. had been straddling between the right-wing and left-wing of C.I.O. The rubber workers' political orientation might not have been so clearly right-wing if Buckmaster had lost. While Bass has never been considered a left-winger, his coalition faction included a small group of U.R.W. leftists. The final factional-unity move on Truman, Wallace, and ERP was in effect a union-wide rebuff to the leftists.

• **Feuding Leaders**—The entire election clash seemed to be one of personalities rather than issues. There was no deep division over policies, although both sides took up battle-lines on bargaining technique and other questions. Back of most debating appeared an obscurely defined leadership feud—rooted in the inability of some leaders to get along with others.

The feud involved, most of all, Buckmaster and N. H. Eagle. Eagle is organizational director of U.R.W. and the real topman in the Bass faction. Buckmaster refused to reappoint Eagle to the organizing job last January, on the ground that he was the leader of a "vicious political machine." While the president names the organizational director, the executive board has to approve him. The board consistently refused to confirm a successor named by Buckmaster, and Eagle stayed on in the job.

• **Eyes on Eagle**—If you are vitally interested in whether U.R.W. disunity has now been healed, watch Eagle. The executive board is still anti-Buckmaster in union politics, but its sights seem to be set on getting top-level harmony. Keeping Eagle on undoubtedly would prevent healing of the deep wounds caused by a year of feuding. Hence, the board might now let Eagle resign—perhaps to accept a job with C.I.O. If he does, and Buckmaster can get a board O.K. for a successor, you can tell that U.R.W. has really tightened its ranks—possibly for contract action in 1949.

SETBACK FOR DENHAM

Robert Denham, general counsel of the National Labor Relations Board, believes the Taft-Hartley law should be applied to small business—ignored by the board during the Wagner act decade. This view has brought Denham into conflict with the five-man NLRB on several occasions. It also has resulted in inquiries by two congressional committees (BW—Jul. 31 '48, p71).

This week it was apparent that Den-

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ham also is having trouble getting courts to read the T-H law as he interprets it. Denver Federal Court Judge J. Foster Symes turned down a Denham injunction request for the second time this year (BW-Apr. 17 '48, p. 108). His reason: The construction business involved is local in character; it does not affect interstate commerce, and therefore is not subject to the T-H law.

Denham asked the court for an injunction against the Denver Building Trades Council and locals of the plumbers' and electricians' unions. He charged them with conducting a secondary boy-

cott against a Denver employer by placing him on the union "unfair" list.

The employer was Grauman Co., manufacturer of soda-fountain equipment. After Grauman was listed as "unfair," employees of two other companies refused to make plumbing and electrical connections to Grauman equipment installed in a Denver restaurant. Judge Symes refused to issue an order requiring them to do it.

Therefore, Denham plans to appeal Judge Symes' decision to a higher court, hoping to settle the T-H jurisdictional question.

	Food	Clothing	Rent	Gas & Electricity	Other Fuels & Ice	House Furnishings	Misc.	Total Cost of Living
August, 1939	93.5	100.3	104.3	99.0	96.3	100.6	100.0	98.6
January, 1941*	97.8	100.7	105.0	97.4	104.2	101.1	101.9	100.8
August, 1941	108.0	106.9	106.3	97.1	109.3	108.9	104.0	106.2
August, 1942	126.1	125.2	108.0	96.7	115.4	123.0	111.1	117.5
August, 1943	137.2	129.6	108.0	95.8	119.1	125.9	116.5	123.4
August, 1944	137.7	139.4	108.2	95.8	123.3	139.3	122.3	126.4
August, 1945	140.9	146.4	108.3	95.2	127.2	146.0	124.5	129.3
August, 1946	171.2	161.2	108.7	91.8	135.0	160.0	129.8	144.1
August, 1947	196.5	185.9	111.2	92.0	154.8	184.2	139.8	160.3
September	203.5	187.6	113.6	92.1	156.3	187.5	140.8	163.8
October	201.6	189.0	114.9	92.2	157.4	187.8	141.8	163.8
November	202.7	190.2	115.2	92.5	160.5	188.9	143.0	164.9
December	206.9	191.2	115.4	92.6	162.0	191.4	144.4	167.0
January, 1948	209.7	192.1	115.9	93.1	165.0	192.3	146.4	168.8
February	204.7	195.1	116.0	93.2	165.9	193.0	146.4	167.5
March	202.3	196.3	116.3	93.8	166.0	194.9	146.2	166.9
April	207.9	196.4	116.3	93.9	166.7	194.7	147.8	169.3
May	210.9	197.5	116.7	94.1	168.6	193.6	147.5	170.5
June	214.1	196.9	117.0	94.2	170.1	194.8	147.5	171.7
July	216.8	197.1	117.3	94.4	174.2	195.9	150.8	173.7
August, 1948	216.6	199.7	117.7	94.5	178.1	196.3	152.4	174.5

* Base month NWLB's "Little Steel" formula.

Data: U. S. Bureau of Labor Statistics; 1935-39 = 100.

What's Happening to the Cost of Living

The Bureau of Labor Statistics consumer price index inched up another 0.8-point in the month ended Aug. 15 to 174.5, a new record. The rate of gain from July 15 to Aug. 15 was less than that in preceding months, and food costs declined slightly.

• **Food Isn't Everything**—This indicates, above all, that you can't count on living costs going down just because food costs top off. Rising prices of nonfood items can still carry the index up—though not so fast. This fact is important because some food experts believe that the food component in the index is now at—or near—its maximum. If the food index continues to decline as expected, the over-all index won't necessarily come down much; the curve may only level off, or jiggle indecisively for several months.

• **Fourth-Round Started**—Hence, in the auto industry, management now believes that an Oct. 15 index of about the pres-

ent level—or slightly above it—will be the basis for the fourth-round wage bargaining, early in 1949. If so, pay-boost talk will have to start with a fourth-round figure of about 8¢ an hour.

Here's how that figure is reached: General Motors workers will be due to get another 1¢ raise Dec. 1 if the cost-of-living index doesn't drop lower than 173.9 before Oct. 15; they will get a 2¢ raise if the index goes up to 175.0. If there is a 2¢ raise Dec. 1, G. M. workers will have had 5¢ in c.-of-l. raises since other auto workers got more money. The G. M. employees also are due to get a 3¢-an-hour standard-of-living increase next year. Added to the 5¢ "escalator" (or c.-of-l.) increase, that makes the 8¢ total.

• **Following G. M.?**—Auto executives admit privately that they'll probably have to meet the total G. M. wage boost—unless there's a drastic drop in living costs—or a bad business slump.

INTERNATIONAL OUTLOOK

BUSINESS WEEK

OCTOBER 2, 1948



Tossing the Berlin issue to the United Nations ends western patience with Russia.

The decision was made last weekend. That's when Secretary Marshall convinced Britain's Bevin and France's Schuman that more talk with the Kremlin wouldn't get anywhere.

Marshall had a good case. Moscow had just answered our final note with a demand for Russian control of all air traffic into Berlin. In other words, Stalin still thought we could be pushed out.

Getting the French into line still wasn't easy. Marshall did it by assuring Schuman that the U. S. would:

- (1) Continue the airlift, regardless of the cost.
- (2) Push hard for a military lend-lease program when Congress comes back next January.

Washington now thinks we have the Russians on the defensive.

The State Dept. figures this way: The Kremlin expected the western powers would back down, take the Soviet terms. Stalin couldn't believe that the U. S., Britain, and France would stand that pat.

And this possibility was carefully weighed in Washington: Would the Russians walk out of the UN?

The decision was that this was unlikely. The Russians couldn't gain anything from such a move, the East-West split has gone so far that a Russian withdrawal wouldn't make a lot of difference.

And we could count on one big gain from a showdown in UN: knitting the western powers more closely in opposition to Russia.

Russia's anti-U. S. propaganda at the United Nations is largely for home consumption.

Moscow uses it to cover up a host of evils at home.

But the Kremlin is having a hard time convincing its people that the U. S. is a menace as big as Nazi Germany ever was. So, a lot of Russians are still asking:

- (1) Why have Russian living conditions slipped so in the past year?
- (2) Why is government repression more widespread than it was during the prewar purges?

Discount reports that a De Gaulle government in France would be violently nationalistic.

True, the General talks a lot about French prestige. But his economic advisers are realistic. They want:

(1) Foreign capital. They hope U. S. industry can be lured to invest in France. They plan to give outside money an even break with French capital—both in France and the colonies.

(2) German recovery. De Gaulle is ready to accept Germany as an equal partner in a well-knit West-European economy. He is willing to talk reparations. His yardstick: maximum production in all of western Europe.

U. S. occupation policy in Germany is due to change before long. The Germans will get power to run their own political and economic affairs.

The change may not come until after the U. S. elections. But Washington knows it's overdue.

During the past year there has been a big shift in our attitude toward

INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK

OCTOBER 2, 1948

the Germans. We now regard them as allies in the conflict with Russia. We plan to make the Ruhr the key to industrial recovery in all of western Europe.

But there has been no comparable shift in U. S.-British operating policies—notably in the economic field. We still keep Bizonia on a semi-colonial footing.

Passing control back to the Germans would surely boost production, also German self-respect.

British business is steaming up a campaign against steel nationalization.

In charge of the drive will be Aims of Industry, Ltd. This is a major British industrial public relations firm. It expects to collect \$400,000 for the job from British industry.

AOI has mobilized all its resources. It has a central staff of 30 public relations experts in London, plus 10 branch offices in other industrial centers. Its press division feeds 700 provincial newspapers every week. Its speakers division is planning 2,000 public meetings for next year.

The British Iron & Steel Federation—the steel trade organization—is still lying low. All it does publicly is publish record production figures month by month.

Meantime, the labor government gets more worried about its decision to nationalize steel.

For one thing, it's getting little support from the steelworkers. For another, the cabinet can't make up its mind on how much of the industry to take over.

President Peron's blast against "Yankee capitalists" has Americans in Argentina jittery.

They fear that another attack such as last week's would endanger U. S. personnel and property. (Peron told his fanatical followers that U. S. interests have been plotting to take his life; only his order to the mob to go home quietly held it in check.)

Here's why Peron is talking such drivel: Argentina's dollar shortage has begun to pinch the powerful military junta. Until the dollars ran out, the military wasn't worried over the spending spree of Peron's economic czar, Miguel Miranda. But now that the hard money is gone, the heat is being put on Peron.

Instead of making Miranda the scapegoat, the Argentine president lashed out at the U. S.

Many observers still expect to see Miranda dropped soon. And they're beginning to wonder how long Peron himself will last.

Some progress is being made by the Brazil-U. S. technical mission (BW-Jul.17'48,p107).

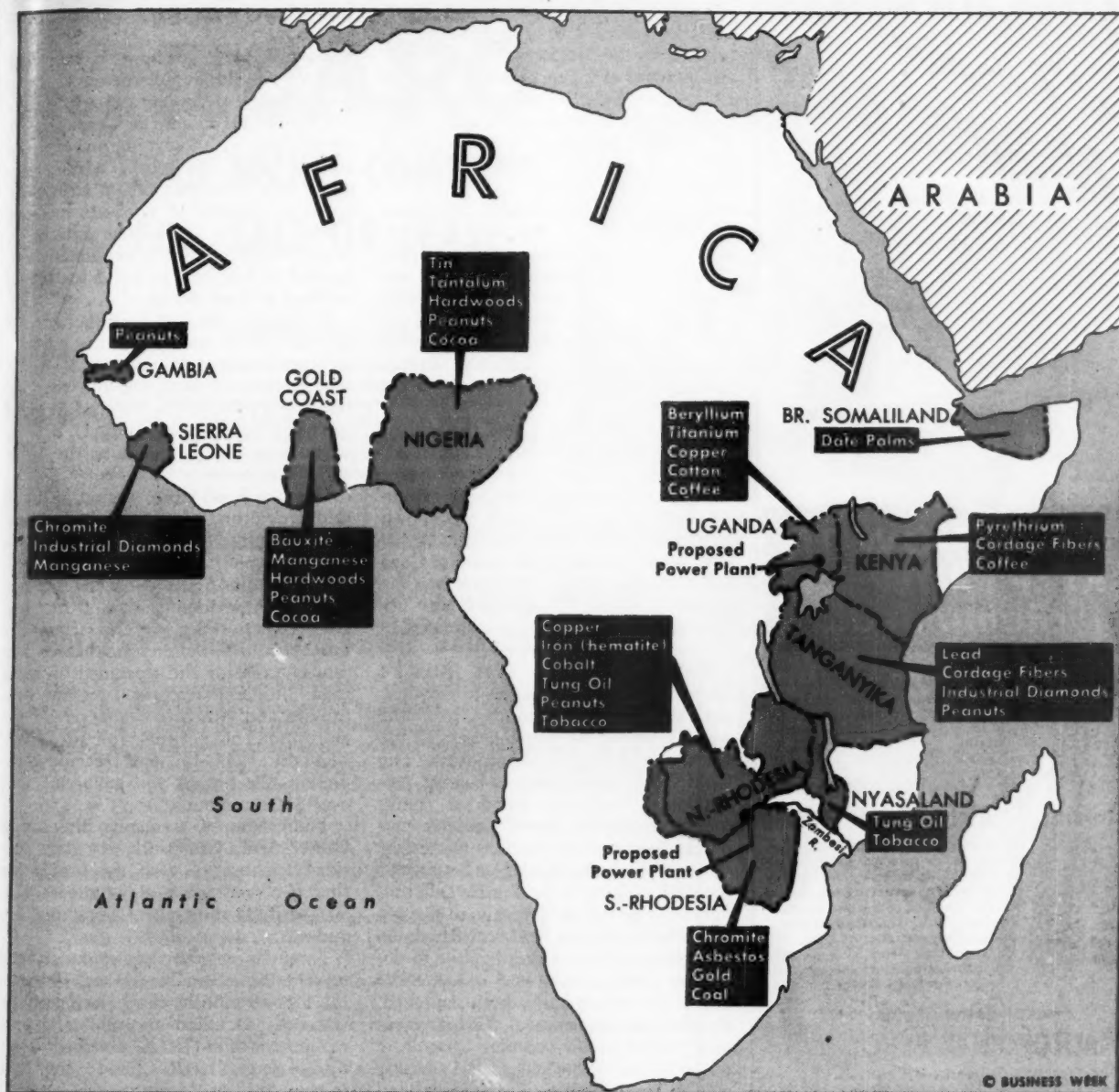
Prospects are now good for a commercial treaty that would guarantee fair treatment to U. S. capital in Brazil. This could set a pattern for other Latin American countries.

The detailed work has moved fastest on Brazil's internal credit problems. Plans are well along for a Brazilian central bank.

There has been work, too, on agricultural development and transportation.

Other subjects on the mission's agenda: industrial development, electrification, mineral development, coal and petroleum, fisheries, tourist trade, production of war materials.

BUSINESS ABROAD



AFRICA'S TREASURES—Mineral, forest, agricultural—could go a long way toward taking some of bleakness out of Britain's austerity

Colonial Africa: Britain's New Frontier

Private enterprise will play a part in the government's \$1-billion scheme to increase Africa's output of raw materials.

LONDON—Some 60-odd leaders of Britain's African empire are meeting here this week. Local newspapers call it "the greatest conference in the history of the British Colonial Empire."

• **Vital Importance**—Britain's economic policy-setter, Sir Stafford Cripps, was in America. But he had left the assembled emirs, sheiks, tribal chiefs, and colonial officials something to think about. Said

Sir Stafford: "The whole future of the sterling group and its ability to survive depends upon a quick and extensive development of our African resources."

The British Colonial Office has been working on this mission for some months. Under its plans, British and colonial governments—working hand in hand with private businessmen—will pour more than \$1-billion into Britain's

11 African colonies during the next 10 years. The aim: to ease Britain's dollar dependence by boosting colonial production.

• **Dollar-Earners**—Development of African agriculture would save Britain many dollars. More than that, African minerals and foodstuffs are among Britain's best dollar-earners. Indeed, its minerals are already helping build up U. S. stockpiles of strategic materials under the Economic Cooperation Administration (BW—Sept. 25 '48, p. 25).

In developing the colonies, state

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money will be called in where private capital fears to tread. Government financing will be used for vast health and education programs, power and transportation schemes, to bring Britain's 44-million African subjects closer to a western standard of living. It will be used to clear some of the 1.5-million sq. mi. of colonial territory for modern agriculture; to conduct vast research programs to find out just what the Dark Continent's treasure chest contains.

• **Private Enterprise**—Private companies will handle schemes that offer the prospect of more immediate profits. They'll do much of the mining and timber development. U.S. investors have been promised a chance to lend a hand on fairly liberal terms. Without American machines and know-how, the British realize, many of their plans won't get off paper.

What of the land where these plans are going to be carried out? Coastal Africa has been known since the voyages of the 15th-century Portuguese explorers. But of the interior little was known until the 1870's. Even then, almost 30 years remained before the vision of Cecil John Rhodes brought the area into the British Empire. (Tanganyika was opened up by the Germans, mandated to Britain after World War I.)

• **Rich Resources**—By 1948, Britain's African colonies have begun to flex their muscles. Nigeria produces half the world's supply of cocoa beans; is the world's third biggest tin producer. The Gold Coast ranks ninth in bauxite production. Northern Rhodesia ranks fourth among the world's copper producers. Southern Rhodesia is the largest source of chromite outside of Russia and the sixth ranking of the world's gold producers. (The British government doesn't administer plans for Southern Rhodesia; this crown colony is already close to dominion status.)

But the surface hasn't been scratched. Besides countless mineral deposits as yet only hinted at, the colonies' agriculture potential is gigantic. Cattle raising would be a natural for Nigeria and Uganda, if a transportation system were built. Groundnuts (peanuts) and other oilseeds can easily be grown both in East and West Africa. Tobacco and the tung tree (from which tung oil is produced) grow well in Northern Rhodesia and Nyasaland. All over British colonial Africa, forests offer great opportunities for lumber and pulp industries.

• **Long-Range Plans**—This summer the British Colonial Office approved 10 development plans submitted by the governors of the African colonies. These plans call for an outlay of \$545-million over 10 years. Of this, Britain will put out \$189-million in grants. The rest will come from the colonies themselves and through loans from various sources.

About half this money will go to

health, education, and various other social programs. More than a third will be designated for economic development, with a heavy accent on power and transportation.

• **Government Agencies**—To help out with empire development, two agencies have been set up by Parliament:

Colonial Development Corp. was set up this year with a loaning power up to \$440-million. The corporation—either on its own or in partnership with a colonial government or a private business—can expand or create new enterprises in any British colony. It has already earmarked \$14-million to build roads and railways in East Africa.

In practice the corporation plans to control 51% of the stock of any partnership undertaking. In the case of American companies, however, the corporation could probably be induced to grant a majority interest—where the U.S. firms would put up equipment in the value of 51% or more.

Overseas Food Corp. was set up to go into agricultural projects; it has a loaning power up to \$220-million (BW—Aug. 30 '47, p. 88).

• **Groundnuts Scheme**—Overseas Food Corp. is now responsible for the biggest project under way in Africa—the East African Groundnuts Scheme. The project calls for the clearance of more than 3-million acres of land in Tanganyika and Northern Rhodesia for the cultivation of peanuts (picture, page 112). By 1954—the date set for completion—the project will have cost well over \$100-million.

Frank Samuel, managing director of United Africa Co. (Unilever's giant subsidiary), came up with the idea more than two years ago as a way to ease Britain's critical shortage of vegetable oils and fats.

Samuel's company was commissioned to start the job in November, 1946. In the first 18 months the government invested \$35-million—mostly in capital equipment—and U.A.C. cleared some 65,000 acres. Overseas Food Corp. took over in April of this year.

• **Private Projects**—While government agencies are laying plans, private industries have a whole host of projects more or less under way in Africa today. U.A.C.—the biggest business on the Dark Continent—spent upwards of \$11-million on capital equipment for Nigeria and the Gold Coast alone over the past year. Most of this went into developing U.A.C.'s timber industry.

U.A.C. has been logging in these colonies for some time. It has a saw mill, and veneer and plywood plants at Sapele, Nigeria. It uses both hardwoods and softwoods; it's looking into the possibility of using other hitherto neglected softwoods in the production of fiberboard. A \$3-million project has been mapped. On the Gold Coast, U.A.C.

NICARO

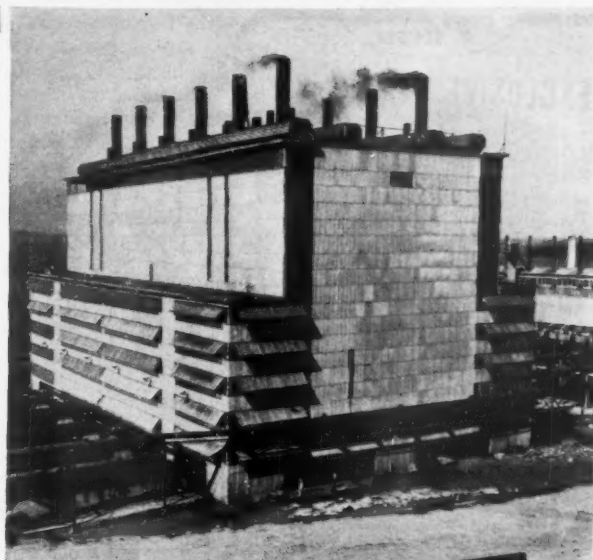
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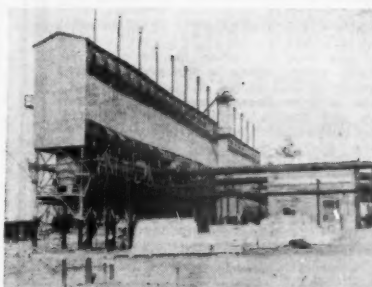
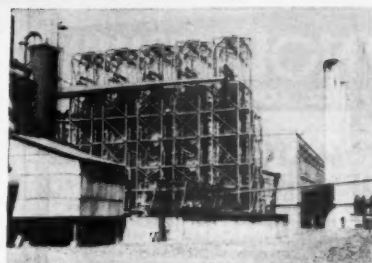
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**NATIONAL
REAL ESTATE SECTION**

Next scheduled insertion of this section planned for the Nov. 6 issue, earlier publication will be made if required.

has an \$8-million timber project just getting started.

• **Exploitation of Minerals**—Other private companies are having a field day exploiting Africa's rich mineral deposits. Some recent highlights:

Copper. There are plans to boost the output of Northern Rhodesian copper mines from the present rate of 190,000 tons a year to 330,000 tons by 1952. A new company, Rhodesia Copper Refineries, has a three-year program to expand Rhodesia's electrolytic refinery capacity.

In Kilembe, western Uganda, Frobisher Exploration Co. of Canada has uncovered new copper deposits and obtained a concession to work them. Because of the lack of transportation 7-million to 10-million tons must be proved before extraction will pay.

Iron. In Northern Rhodesia recent prospecting revealed deposits of: (1) an estimated 800-million tons of high-grade ore—but much of it with too high a silicone content for satisfactory reduction; (2) over 40-million tons of high-grade hematite. From these estimates one development scheme has been mapped for an annual pig-iron production of 500,000 tons.

In Nigeria, Bethlehem Steel Co. recently got a license to prospect for iron ore.

Tin. London Tin Corp., in partnership with the Nigerian government, has formed Cameroons Mining Corp., Ltd., to prospect for tin in Nigeria.

Bauxite. Aluminium Co. of Canada has obtained options on Gold Coast bauxite. West African Aluminium Co. is thinking about building a power plant on the Volta River with the hope of eventually getting aluminum from Gold Coast bauxite right at the source.

Lead. A Belgian firm, Uruwira Minerals, Ltd., is developing a new find of lead in western Tanganyika. Union Corp. of South Africa is providing know-how and equipment.

• **Transportation**—Not much of Africa's mineral wealth is going to be marketed until adequate power and transportation are provided. That is where government spending re-enters the picture.

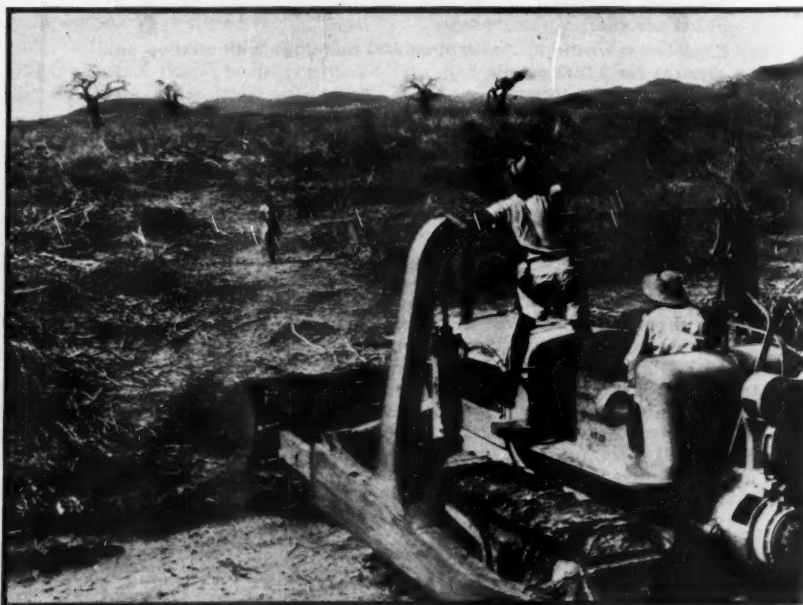
In eastern Africa there are now five single-track rail systems running westward from five East Coast terminal points—but no north-south connections. East African railways are of a different gage from those in central Africa. Both are badly in need of double tracks and sidings. All railroads suffer from a shortage of locomotives and freight cars.

In western Africa, bad communications stranded 333,000 tons of Northern Nigerian peanuts this year.

• **Obstacles**—Colonial Development Corp. will have plenty of headaches remedying this transportation bottleneck. It's ready to sink some money in eastern Africa. But a scheme to connect the Rhodesias with a Tanganyika seaport has been shelved temporarily because of the high cost (\$140-million). As Africa increases in importance to Britain, the scheme will be looked on more favorably.

As long as Britain is in a dollar straightjacket, the Development Corp. will have a hard time getting heavy equipment to build colonial railways. Because of the new importance attached to its colonies, Britain doubled the colonial steel allocation for the last three months of 1948. That means 36,000 tons will be made available for railways and other capital projects. But that's just a drop in the bucket.

• **Power**—No less important to Africa is the development of cheap power—lots of



CLEARING BUSH for peanuts in Tanganyika will cut Britain's dollar imports

it. Two huge projects are in the cards:

(1) A \$28.5-million power station has been mapped for Owens Falls, Uganda, just north of Lake Victoria, one of the sources of the Nile River. Just how big the station will be depends on agreement with Egypt, which has a vital interest in what other people do with the waters of the Nile. Present indications are that at least three 15,000 kw. units will be installed by 1953.

New industries that may trail this power plant: textile mills for Uganda cotton; refineries for Kilemba copper; fertilizer plants for Uganda phosphates; curing plants for Uganda tobacco.

(2) A huge power project is being planned for Kariba Gorge on the Zambezi River between Northern and Southern Rhodesia (BW—Nov. 15 '47, p110). A 10-year project, it would generate 750,000 kw. of power, harness 53-million acre feet of water—more than the two largest U. S. dams combined. This project may be substituted for or built in addition to a 350,000 kw. project proposed for the Kafue River, a tributary of the Zambezi in Northern Rhodesia.

• **Other Hurdles**—Power and transportation aren't all the obstacles to African development by any means. Over 3.5-million sq. mi. of the continent are still closed to development because of the dreaded tsetse fly which carries the germ of sleeping sickness. Heavy rains have caused soil erosion in many areas; droughts necessitate widespread irrigation in others. Skilled labor is rare. Political awareness is giving rise to more and more civil disturbances.

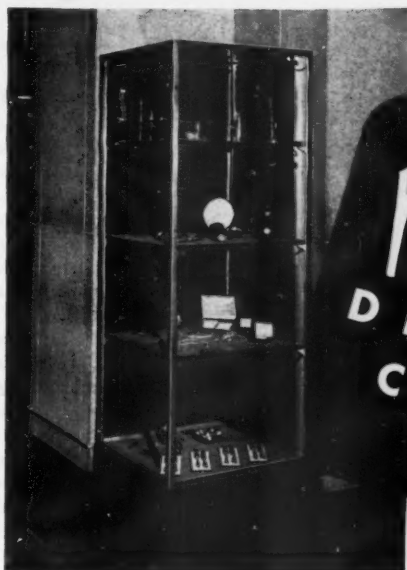
And over all hangs the damper of Britain's dollar shortage. Planning on a grandiose scale is one thing. With Britain's present lack of materials and equipment, there is little chance of the plans materializing soon. But if they eventually do materialize, Britain will regain much of its economic stature.

MONSANTO IN AUSTRALIA

MELBOURNE — Monsanto (Australia) Proprietary, Ltd., Monsanto Chemical Co.'s Australian affiliate, has just put a second plant into production here. It is turning out phenol-formaldehyde plastics.

At the same time, company officials announced that sulfamerazine had been added to the line of sulfa drugs made by Monsanto in Australia.

Monsanto Proprietary, Ltd., is owned jointly by American, British, and Australian interests. It will soon be distributing products from Monsanto Chemicals, Ltd., the British branch, when the latter's Cardiff (Wales) plant is completed. From the British plant Australia will get Syton, for use in wool spinning; pentachlorophenol, a timber preservative; and several plastic molding materials, detergents, and wetting agents.



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ECA'S LEDGER

Administrator Paul Hoffman is turning more attention to the self-help angle of ECA operations. He has released part of the counterpart funds in Trieste and France.

Congress provided in the Foreign Assistance Act that each country receiving dollar aid must set aside an equal fund in its own currency for internal recovery. These counterpart funds are blocked until Hoffman O.K.'s their use for a given project. Releasing them is a ticklish business. First, Hoffman has to assure himself that release of the funds won't set off a wave of inflation. Second, he must weigh the political repercussions; it isn't easy to tell another country how its money can be spent.

The Anglo-American zones of Trieste were the first to pass the test. Trieste got the go-ahead to use 6.4-billion lire (roughly \$11-million) from its counterpart fund to rebuild and modernize its industry. The money will be used for recovery projects that can be financed with lire. Big item: machinery installation. The fishing, canning, and shipbuilding industries, plus a vegetable-oil refinery, are scheduled to get some help. Some will go to set up a loan agency to help out small businesses and artisans.

This week Hoffman released 45-billion francs from France's counterpart fund, promised an equal amount in October if the Queuille government's economy program makes some headway against inflation. The money will be used for "productive investments."

This was a tough decision for Hoffman. The clincher was the French government's promise that it would not increase the lending powers of the Bank of France if the counterpart money were freed. With that, Hoffman went ahead. The release of the counterpart funds will be mildly inflationary. But unrestricted lending by the Bank of France to the French government would be much worse. That could so inflate the French franc as to upset the whole European balance-of-payments scheme, so laboriously worked out by the Organization for European Economic Cooperation (BW—Aug. 28'48, p86).

Talks are now under way about releasing some of Italy's 150-billion lire counterpart fund. Here Hoffman will have to tangle with a political consideration. The Italian government wants to use the money for a huge public-works program to sop up some of the millions of Italian unemployed. The government points out that unemployment is a valuable weapon to the still-powerful Italian Communists.

Other developments:

• **Procedure**—After announcing tentative fourth-quarter allotments to Mar-

shall-Plan nations, ECA got a flood of calls from businessmen eager to get their share of orders. For the Nth time ECA announced: "No contracts for purchase can be entered into until after procurement authorizations are issued." Early announcement of tentative allotments are solely to aid Marshall-Plan countries in long-range planning (BW—Sept. 25 '48, p122).

• **New Faces**—A public advisory committee has been formed to help Hoffman on policy questions affecting China. Committee members: Isaiah Bowman, president emeritus, Johns Hopkins University; Arthur B. Foye, president, Far East-America Council of Commerce & Industry; Paul V. McNutt, president, United Service to China; Walter S. Robertson, former official in U. S. embassy at Chungking; Elizabeth L. Moore, former chairman, United Service Organization council.

• **Procurement Authorizations**—For the week ended Sept. 22, ECA authorized \$123,500,000. Food amounted to only \$25-million, less than a quarter of the previous week's figure. Transportation equipment—including air, rail, and motor-vehicle equipment and parts—took \$8.9-million; petroleum products, \$21.8-million.



A Lift for France

This 5-mile long aerial tramway is an American contribution to the building of the Chastang Dam in Southeastern France. Installed this summer by the American Steel & Wire Co., U. S. Steel subsidiary, it recently began shuttling sand and gravel from an unloading point to the dam site in the foothills of the Auvergne Mountains. The dam is being built by Electricite de France, French national power syndicate. The tramway, consisting of 100,000 ft. of wire rope and cable and 500 tons of structural steel, was built in the U. S.

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THE TREND

Dealing With Reds

Not long ago James B. Carey, secretary-treasurer of the C.I.O., made an alarming statement. He testified before a House Labor subcommittee that some corporations were cooperating with Communist union leadership and had fired anti-Communists. He said that some managements "found it easier" to deal with Communist shop stewards because Communists were "afraid to prosecute a grievance vigorously." These managements, he said, thought they were "buying a measure of industrial peace."

We don't know that Carey has his facts straight. But we term that testimony of Carey's alarming—whether it is true or not.

One of the most provocative features of the Taft-Hartley law enacted last year is the section that requires labor union officials to sign affidavits that they are not Communists.

Many employers have had considerable trouble in completing collective bargaining because union leaders were ducking that non-Communist affidavit requirement. Settlement of the West Coast dock strike, for example, is hung up on this issue. In that case, and in many others, employers are trying to get out of dealing with Communists.

Our knowledge of the labor relations field does not include any information about employers who are eager or even willing to do business with Reds. We don't know an industrialist who would do so unless there was no other way out. Perhaps there are some. We are inclined to think not.

But what if Carey is right? Suppose there are men on the management side who prefer to settle their labor relations matters with Communists for the sake of getting softer terms of labor peace.

If there are, we join with Carey in warning them that it is a dangerous long-term investment. If there are, they need to raise their sights and look a whole lot farther ahead.

A management man in industry who operates that way needs to be reminded of his public responsibilities. He needs to acquaint himself with the political facts as well as the economic facts of life.

World history has already made it clear that the Communists are bearing down in their efforts to sabotage industry. Their object: to pave the way for establishing Communistic states.

They work through the workers in industry to set the stage for political revolution. They use strikes in industry as a political weapon. Last fall they pulled a general strike in France as a political move. It failed. But that does not mean it is the last time they will try.

This country has had many strikes in its labor history. Some of them came close to paralyzing industry. Unions that are dominated by Communists hold the biggest

threat to the preservation of the free enterprise system of business and the democratic system of government. Anyone in management who plays ball with them is running a grave risk. He is inviting destruction of his own business and general chaos in all industry—the answer to the Communists' prayer.

Good Managers

We asked the head of a large industrial firm recently what he considered his No. 1 problem. He replied: "Finding good managers." He put that problem ahead of finding materials, finding customers, cutting costs, or anything else requiring his attention as chief executive of his company.

We heard of another company president too who has uppermost in his mind the job of finding a top flight manager. He has projected a plan that would fortify his company's position greatly in his competitive field. The plan so far is in suspense. It will stay there until the company can find the man to put the plan into action.

These men's experience is nothing new in business. Many a businessman has grappled with this problem before; others are trying to solve it now; many will be faced with it in the future.

Both of these captains of industry are actively on the look-out for managerial material. They are carefully combing through the personnel of their own companies. They are looking on the outside, too.

One of them has set up four major qualifications for a good manager. First of all, he says, a manager must have integrity. He has to be honest with himself and with others. Next, the man must be courageous. He needs to have inside of him such a strong feeling of confidence that he will not shy away from making decisions. A manager also needs imagination. He has to be able to break out of the day-to-day routine and set his mind to thinking of what's ahead. Finally, the man should have experience.

Those sound to us like four broad qualities without which a man could not very well be a good manager. Unfortunately, there are no tried-and-true yardsticks whereby you can measure potential managers precisely. You cannot select managers as easily as you select merchandise. You are buying something that isn't clearly labeled.

This leads to a conclusion that one important attribute of a top executive is the ability to spot a good manager when he sees one. He has to have enough judgment or intuition or what-have-you to appraise a man soundly and surely. He cannot always afford to wait to measure the man after he is put on the job.

The managerial hiring problem has a more pleasing side to it, too. For men with managerial talents, there are probably more opportunities for advancement today than ever before. The old business saying that there is always room at the top still holds.

